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17 MARCH 1987

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'EXTREMIST' ISLAMIC BOARDING SCHOOL UNDERGOING REFORM

Jakarta SUARA KARYA in Indonesian 5 Jan 87 pp 1, 9

[Text] Ngruki is a name which often brings a frown to the face of those who hear it, because it is always remembered as a pesantren [Islamic village religious school] with a tendency toward extremism. For example, it was from this place, more than 4 years ago, that Abdulah Sungkar and Abubakar Basyir, two leaders of the NII (Indonesian Islamic State), succeeded in going into hiding 1 day before they were sentenced by the Indonesian Supreme Court.

With this case still not resolved, this pesantren has again caused a commotion, after its name was often mentioned by members of the "Usroh" family at the time they were tried on charges of subversion before almost all of the courts in Surakarta. In the subsequent followup, four teachers and a student from Ngruki were sought by the authorities for forging passports to travel to Singapore toward the end of November 1986. One of them was arrested, but the remaining three disappeared.

This series of incidents does not include the "defection" of a number of Muslims who are known to have declined to sing "Indonesia Raya," the national anthem, on the occasion of the dedication of the Pesantren Information Center (PIP) in that village. It also does not include the stubborn attitude of most of the students at the school, who refuse to show respect for the Indonesian flag at public ceremonies. What's really going on at Ngruki pesantren? Have mistakes been made in its educational program?

In fact, Ngruki is the name of a hamlet in Cemani village, Sukoharjo Regency, Central Java. In 1972 the "Al Mukmin" religious school was established there. Throughout its history, and possibly because of its reputation for stubbornness, the name Ngruki has become more popular than "Al Mukmin" as the real name of the school.

This pesantren was built on a 7 square kilometer piece of land designated for religious purposes by the late Haji Imam Mashudi. Based on the strong desire of the people of Ngruki, who were determined to change the reputation of their hamlet from being a PKI [Indonesian Communist Party] stronghold to that of a Muslim area, "Al Mukmin" developed quickly.

In 1974 a small religious school in the hamlet of Gading, Surakarta, of which Abubakar Basyir was the principal, merged with the "Al Mukmin" school. The number of students increased, and the "Al Mukmin" school in Ngruki was flooded with religious teachers who applied to work there. Mochamad Amir, master of laws and chairman of the "Al Mukmin" School Foundation, told reporters that, "among the teachers looking for work at the school was Abdulah Sungkar, who later became principal of the school."

In accordance with the basic purpose of a pesantren, which sought to turn out Muslim intellectuals with a broad range of knowledge, the educational system at "Al Mukmin" was based on the regulations issued by the Department of Religion and the Department of Education and Culture. However, in the course of its subsequent development, by about 1978 it was known that the program of instruction at the school had deviated from these standards, as Abdulah Sungkar and Abubakar Basyir often referred in insulting terms to the Pancasila, the Constitution of 1945, and other policies of the state in their lectures.

These two teachers were agitators who wanted to change Indonesia into an Islamic state. They influenced their students to refuse to respect the national flag, saying it was a sin to do so. Furthermore, they also announced, as a kind of dogma, that there was no regulation or law in the world which was more correct than the Koran and the Hadith [traditional sayings of Mohammed].

According to Mochamad Amir, these changes in the concept of religious education began to be introduced when Abdulah Sungkar began to receive secret visits from Haji Ismail Pranoto, who is better known as "Hispran." In this connection Amir admitted that he did not immediately perceive this change in objective. Amir, a senior instructor in P4 [Pancasila indoctrination] studies who finished second among 17 top graduates of a Pancasila instructors course, said: "This was because of my position as chairman of the school foundation. My activities were more devoted to thinking about how to raise development funds rather than handling questions concerning education, the students, and the teachers. Furthermore, beginning in 1976, I spent most of my time in Yogyakarta, as a teacher at the Sunan Kalijogo State Islamic Religious Institute [IAIN]."

Cleaning Up the Situation

Whatever the case, this delay in understanding the situation resulted in the fact that the teachings of Abubakar Basyir and Abdulah Sungkar took root among a number of teachers at the Ngruki school. The efforts of three "Al Mukmin" students to go to Singapore, which was believed to be only in transit to another country; the refusal to sing the national anthem; and the "Usroh" case, which involved members of the NII--at least these provide sufficient evidence of the situation.

To prevent the spread of the influence of these narrow religious teachings, the school has undertaken a clean sweep of the institution. Mochamad Amir

said: "Whoever opposes the school rules or state regulations will be dismissed."

Since this clean sweep was begun, a number of people, including at least seven teachers and one school employee, have been expelled. Aris Raharjo, Mas Fii, Hasan Basri, Slamet Hanafi, Sudiharto, Komsaha, and Abdul Halim, all of them teachers, have been expelled because they are known to support extremist teachings. Meanwhile, Parto Sulur, a school employee, was dismissed after becoming involved in the "Usroh" affair. According to Amir, these expulsions were decided on after the school authorities met with Kyai Haji Ali Darokah, the school chairman who is also director of the Jamsaren Village Religious School and chairman of the MUI [Indonesian Council of Ulama--Muslim scholars].

Meanwhile, to reorient the views of some of the students who were attracted by the teachings of Abdulah Sungkar and Abubakar Basyir, "Al Mukmin" school is planning action to deal with them over a period of time. Among other things, this will involve the conduct of a Pancasila indoctrination course, which is scheduled to begin on 10 January. Amir said: "In the course of this activity it will be possible to determine who is still affected by these mistaken views."

In addition, cooperation has been received from personnel of the military section in Grogol Substrict to train them in ceremonies showing respect for the flag, as well as in close order drill. The training of the teachers will take the form of holding routine discussion groups every Wednesday.

The "Al Mukmin" School Foundation is also continuing to bring in teachers from outside the hamlet. Several permanent teachers at the school have been assigned to take further educational training at the PGSLP [advanced teachers' training] level, so that they can qualify for appointment as state employees of the Department of Religious Affairs and have a more open kind of orientation. In addition, they will be assigned to undertake comparison studies in other village religious schools.

Furthermore, the "Al Mukmin" School Foundation is considering opening an elementary school, whose graduates will come from the pesantren. In this way it will be certain that students at the Ngruki school in the future will have a more suitable point of view. Mochamad Amir said: "Through all of this activity and through implementing these plans, we hope that the 'Al Mukmin' Religious School will be able to return to its original concept as a place for the education of Muslim intellectual cadres with a broad and wide-ranging point of view, in accordance with the desires of the Muslim community." In February Mochamad Amir will attend the National Defense Institute.

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CSO: 4213/44

'NONACTIVE' STATUS FOR NU OFFICIALS DESIGNATED AS CANDIDATES

Jakarta KOMPAS in Indonesian 8 Jan 87 p 8

[Text] Jakarta, KOMPAS--In connection with the publication of provisional candidate lists for Parliament, provincial councils, and regency councils in the 1987 general elections, the Central Executive Council of the Nahdlatul Ulama has instructed its executive councils at all levels to inquire carefully as to whether members of NU daily executive councils are included in provisional or final candidate lists.

Should members of NU daily executive councils be included, and particularly on the final candidate lists, the executive council involved should directly ask the candidate whether he is still prepared to be a candidate. If the candidate involved does not reply, he will be considered to have accepted his candidacy.

According to the Central Executive Council of the NU, those who state that they are willing to be named as candidates will be placed on nonactive status in the NU executive council concerned. In this connection the Central Executive Council of the NU has authorized the provincial and regency executive councils of the NU to send a letter informing such candidates that they have been placed in nonactive status on the executive councils below them. Meanwhile, the Central Executive Council of the NU itself will send notification of nonactive status to members of the executive councils at the provincial and central levels.

Notification of nonactive status will be provisional and will be in effect as of the publication of the final candidate lists for the general elections of 1987. This nonactive status will be in effect until after the installation in office of members of Parliament and of provincial councils chosen in the election.

In the instruction signed by H. M. Anwar Nurris, secretary general, and H. Abdurrahman Wahid, chairman, and with the knowledge of K. H. Achmad Siddiq, general chairman, the Central Executive Council of the NU states that in order to fill vacancies left in executive councils by declaring certain members to be in nonactive status, members of the executive councils serving immediately under those declared to be nonactive will assume their duties on a provisional

basis. What is meant by those serving immediately under them is limited to the same function in the executive council.

In Accordance with the Decision by the NU Congress

It was recalled that this action was in accordance with the decision made by the 27th NU Congress and regulations of the Central Executive Council of the NU. Among other things, this regulation prohibits members of NU daily executive councils simultaneously to hold positions on executive councils of political organizations and parties at all levels. However, the Central Executive Council of the NU permits NU members, including members of daily executive councils at all levels, to be candidates in the elections. Such candidates are permitted to take part in the election campaign. However, NU members who are not candidates in the general elections of 1987 or are not members of executive councils of political organizations and parties are asked not to take part in the election campaign.

The same provisions are also in effect for teachers, mosque officials, and employees of village religious schools, as well as officials of other NU educational foundations who are not candidates or members of executive councils of political organizations and parties. They are asked not to campaign for contesting parties in the 1987 general elections. However, it is recalled that all NU members must vote in a constructive way and seek to prevent actions which would be an obstacle to the success of the general elections.

Furthermore, the decision reached at the joint meeting of the daily Advisory and Executive Committees of the Central Executive Council of the NU in March 1986 stated that members of daily executive councils of the NU at all levels who are candidates for election will be placed on nonactive status until the general elections are over. In the course of the campaign and the 1987 general elections the name of the NU as an organization should not be used or involved with a contesting party. Therefore, NU members who are candidates may not speak in the name of the NU as an organization in the course of the general elections.

The Central Executive Council of the NU also recalled that all NU schools, village religious schools, and offices or places owned by the NU may not be used for the conduct of the elections campaign.

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CSO: 4213/44

NU MEMBERS APPEAR ON PPP, GOLKAR, PDI CANDIDATE LISTS

Jakarta KOMPAS in Indonesian 8 Jan 87 p 12

[Text] Surabaya, KOMPAS--Members of the NU [Muslim Scholars Organization] in East Java have appeared on the candidate lists of the PPP [Development Union Party] and GOLKAR for the general elections of 1987. Meanwhile, NU members have only appeared on the PDI [Indonesian Democratic Party] list of candidates for the district council. However, a number of senior NU leaders continue to support the "Situbondo Agreement," which decided that active members of NU executive councils should not accept offers of inclusion on candidate lists.

Kiyai Haji Imron Hamzah, deputy chairman of the East Java Provincial Council, declared on 7 January in Surabaya that among East Java NU leaders who will not accept inclusion on candidate lists are H. M. Hasyim Latief, K. H. Wahid Zaini, and Sholeh Hayat, a younger leader. As for Imron Hamzah himself, who is serving in the East Java Provincial Council, representing the PPP, in fact he is also in this category. He will also not accept inclusion on a candidate list. Imron Hamzah said: "We are determined to make this rule a success and accept the results of the NU Congress in Situbondo."

Good Standing and Not Such Good Standing

For the first 22 candidates ;on the list of 93 candidates fielded by the PPP for the East Java Provincial Council who will definitely be elected, the party selected 12 NU members and 10 non-NU members.

According to information from the East Java Executive Council of the NU, not all of the 12 NU candidates on the PPP list are in "good standing" with the NU in East Java. Sholeh Hayat, deputy secretary of the East Java Executive Council of the NU, declared: "Only four of them are in good standing with the East Java Executive Council of the NU. The others had previously tried to exclude H. M. Hasyim Latief from the East Java branch of the PPP." The four candidates who, he said, were in good standing with the NU are: H. M. Sumly Sjadly, H. Sulaiman Biyahimo, A. Yusqi Machfudz, and Mohammed Romdhon.

For the parliamentary elections the PPP in East Java has included the names of 14 NU members on its candidate list. However, four of these NU members live in Jakarta. The list of East Java PPP candidates for Parliament includes 21

names. This means that seven of these candidates are from non-NU organizations.

GOLKAR

Out of the 160 names on the provisional GOLKAR candidate list for the election to the East Java Provincial Council, the name of K. H. Muchtar Syalin of Magetan Regency appears in 37th place. The name of K. H. Muafi A. Zaini, of Sampang Regency, appears in 136th place. These two ulama [religious scholars] are known to be influential in NU circles in Magetan Regency and in Madura.

The GOLKAR list of candidates for Parliament, which contains 127 names, includes K. H. Hasan Saifouridzali, a village religious school official in Probolinggo, who is in ninth place. Kyai Hasan is known to be very influential in Probolinggo and is a good speaker. Mrs H. Didik Hadidjah Hasan from Bangkalan [Madura], who has been a GOLKAR campaigner in East Java since the 1970's, is in 28th place on the GOLKAR list of candidates for Parliament. Mrs Didik also has a reputation as a good speaker and is one of the first NU members who went over to the GOLKAR since the 1970's.

R. P. Mohamad Noer, who is described only as Mohamad Noer on the GOLKAR list of candidates for Parliament, is in fifth place. Mohamad Noer, a former Indonesian ambassador to France and a governor of East Java who is presently a member of the DPA (Supreme Advisory Council), continues to be known as a favorite son of East Java. For the "horseshoe" (the coastal area of East Java facing Madura), which is generally inhabited by people of Madurese culture, a leader like Mohamad Noer may well be decisive. GOLKAR has previously lost in elections held in the "horseshoe" area of East Java.

The majority of GOLKAR candidates from East Java are state employees who previously served in the Indonesian Armed Forces. About 61 percent of the GOLKAR candidates are from KORPRI [Indonesian State Employees Corps] and Dharma Wanita [Government Officials' Wives Association]. Candidates who are really from the private sector amount to no more than 11 percent of the total. In this group of candidates for parliament are, among others, Master of Laws Anton Priyatno and Engr Mustahid Astari, a leader of Angkatan 66 [Generation of 1966] from East Java. Dr Soekotjo Said is another young leader of GOLKAR in East Java. He is in 25th place on the list of candidates for Parliament. GOLKAR expects that there will be about 40 members of Parliament representing East Java who were born in the province.

Three reporters who are members of the East Java branch of PWI [Indonesian Reporters Association] are also included in the list of GOLKAR candidates for Parliament. However, it is almost certain that these three candidates will not be elected. They are Agil H. Ali, in 70th place, Dahlan Iskan, in 110th place, and Edmond Kaparang, in 121st place.

PDI

The East Java PDI list of candidates for Parliament contains 69 names, in addition to 124 names of candidates for the East Java Provincial Council. Doctor Marsoesi is in first place on the PDI list of candidates for

Parliament from East Java, while Djuwardi Effendi is in first place on the list for the East Java Provincial Council. No NU members are included on the PDI list of candidates, either for Parliament or for the East Java Provincial Council. However, the names of NU members appear on a number of PDI candidate lists for several regency councils.

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CSO: 4213/44

SOEDARDJI REJECTS PPP CANDIDATES LIST

Jakarta PELITA in Indonesian 10 Jan 87 pp 1, 12

[Text] Jakarta, PELITA--The Doctor Soedardji faction of the Central Executive Council of the PPP has stated that it is not responsible for the composition of the provisional list of candidates of the PPP for Parliament, provincial councils, and regency councils throughout Indonesia. The list was published on 6 January 1987.

The list of PPP candidates for Parliament and provincial councils throughout Indonesia was prepared directly by or under the direct supervision of John Naro, without consultations. The most deeply felt aspirations of members of the PPP family were treated as insignificant, and the greatest potential of the PPP was ignored. The candidates listed by him do not reflect the intent and the spirit of Paragraph 3 of Decision No III/MPR/1983 of the People's Consultative Council regarding the general elections.

This was the substance of a statement issued by the faction of the Central Executive Council of the PPP led by Doctor Soedardji, which was released to the press at the Parliament Building, after a 1-day meeting held on 9 January.

The second point of the statement declared that the faction of the Central Executive Council of the PPP led by Doctor Soedardji had no political obligation to support PPP candidates in the 1987 general elections. However, they declared that they would exercise their right of choice.

The third point stated that in terms of ideology (namely, the Pancasila) this group was even more determined than previously to withhold support from PPP candidates. This is because the candidates on the official PPP list were selected by John Naro and Mardinsyah, two persons whose integrity in the New Order was doubtful.

The statement declares that John Naro is a leader involved in the Bandar Betsyi affair (an incident which preceded the G.30.S/PKI) [a reference to the abortive communist led coup d'etat in 1965]. There are clear indications that Mardinsyah "does not have a clean past," and that he may be affected by the provisions of KOPKAMTIB [Command for the Restoration of Security and Public Order] Regulation No Juklak-15/KOPKAM/1982 and SATGASNINGPU [Central Screening Task Unit] Regulation No 71/SATGASNINGPU/R/6/1984.

The statement goes on to state that the PPP candidates were selected without regard to the spirit of MPR Decision No II/MPR/1983 concerning the main lines of state policy and MPR Decision No III/MPR/1983 regarding the general elections.

As a result of the policies and the manner in which John Naro has led the PPP up to now, the party has continued to be affected by factionalism, which has become increasingly serious.

All members of the PPP throughout Indonesia are urged to continue to make a success of the 1987 general elections by using their individual right to vote. However, they should not support the PPP candidates, who will be using the sign of a star in the elections.

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CSO: 4213/44

PROMINENT NU MEMBER WITHDRAWS AS PPP CANDIDATE

Jakarta KOMPAS in Indonesian 10 Jan 87 p 1

[Article: "East Java NU Leader Withdraws; Soedardji Will Not Support PPP Candidates"]

[Excerpts] Jombang, KOMPAS--Kyai Haji Syamsuri Badawy, the leading candidate of the PPP in East Java for Parliament, has withdrawn from the campaign. He is very influential in East Java. The NU leader decided on his withdrawal on 6 January, the date on which the provisional lists of candidates for Parliament and provincial councils in the 1987 general elections were simultaneously made public throughout Indonesia.

K. H. Syamsuri stated: "I am actively involved in our village religious school. Furthermore, I don't want to disappoint the children we are taking care of at the Tebuireng school." He was the No 1 candidate on the East Java PPP list for Parliament. He is an intelligent man and is the deputy director of the Tebuireng Village Religious School in Jombang Regency. His former students are found throughout Indonesia.

Agreement

K. H. Syamsuri, who is a slender but energetic man, is well-known for being able to speak eloquently and for hours before a mass audience. He is an adviser to the Central Executive Council of the NU, together with K. H. As'ad Syamsul Arifin, director of the Salafiyah Syafiyah Village Religious School in Situbondo. K. H. Syamsuri is also rector of Hasyim Asy'ari University in Jombang and at the same time is a mosque manager in Tebuireng.

Interviewed on 9 January in Jombang, K. H. Syamsuri said that his letter of withdrawal from the PPP list was sent to the Indonesian Elections Committee in Jakarta and to the Jombang Regency Elections Committee, where he is also on the provisional PPP list of candidates for the regency council. Copies were sent to the Central Executive Council of the PPP in Jakarta, to the Branch Executive Council of the PPP in Jombang, and to Tebuireng Village Religious School.

In his letter of withdrawal from the elections he said that, in addition to taking into account his activities as a manager of the village religious

school, he had also considered the decision of the executive committee of the Tebuireng Village Religious School of 25 September 1986. He indicated that these were the reasons for his decision. On 25 September the Tebuireng Village Religious School issued an internal memorandum which adopted a neutral attitude toward all three contesting parties in the 1987 general elections. All teachers and employees of the Tebuireng Village Religious School who were nominated by the parties contesting the general elections are automatically considered to have withdrawn from any administrative or teaching positions at the school.

K. H. Yusuf Hasyim, director of the Tebuireng Village Religious School, commented: "We thank K. H. Syamsuri, who has chosen to continue as a manager of the school." Similar feelings were also evident among NU members in East Java. Some of them expressed these views to H. M. Anwar Nurris, secretary general of the Central Executive Council of the NU.

However, a source in the East Java Provincial Elections Committee said that the procedure for withdrawing as a candidate must be accomplished through the party that has nominated him. Only after that can the party involved inform the Indonesian Elections Committee or the Provincial Elections Committee. Meanwhile, what is happening in the case of K. H. Syamsuri is that the PPP, both at the central as well as the provincial level in East Java, is still trying to persuade K. H. Syamsuri to continue to be a candidate.

H. M. Hasyim Latief, chairman of the East Java Provincial Executive Council of the NU, said that about 30 members of the NU in East Java have been included in candidate lists. Most of them are in the regencies of Sampang, Bangkalan, and Tulungagung, as well as in the city of Surabaya. He said that the East Java Provincial Executive Council of the NU will continue to ask questions of its members who are listed as candidates. A candidate who holds a position on a daily executive council at any level of the NU will be given a letter placing him in nonactive status if he still chooses to be a candidate.

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CSO: 4213/44

LICENSING PROBLEM CONTINUES TO HAMPER NONOIL EXPORTS

Jakarta KOMPAS in Indonesian 8 Jan 87 pp 1, 8

[Text] Jakarta, KOMPAS--The issuance of export permits must be completely reorganized if we wish to achieve our goals in the effort to stimulate exports. The issuance of export permits at present is an example of a cobweb of procedures. Moving in any direction whatever involves procedural snares. This is the view of Engr Harry Tanugraha, executive director of the Indonesian Rubber Merchants Association (GAPKINDO), expressed in an interview with a KOMPAS representative in Jakarta on 7 January.

He said that the very limited government budget requires effort to promote non-petroleum and natural gas exports. This is the case, not only from the point of view of the accumulation of foreign exchange, which will have an impact on the balance of payments, but also in terms of providing employment opportunities for the people.

The determination of the government to stimulate nonpetroleum and natural gas exports is clear. Furthermore, from the statements of various government officials, it may be concluded that more policies will be announced in support of achieving that goal. Engineer Tanugraha said: "However, in my view I feel that the most important aspect is the question of export licensing."

Hope for an improvement in export licensing procedures in Indonesia was encouraged when the government issued Presidential Instruction 5/1984. However, most unfortunately, in terms of actual experience, the abolition and simplification of licensing procedures that took place at that time was considered by the business community as something intended for political consumption, rather than a serious effort to improve the business climate.

A Breath of Efficiency

Harry Tanugraha added that the issuance of licenses complicates matters for the business world, beginning from the start of business activity and continuing through to exports. He said: "Unfortunately, most recently these complications have grown, rather than contracted."

Based on the government's desire and the pressure of circumstances to stimulate exports, every government office and department must immediately

consider on an overall basis the question of its powers in the field of permit issuance. This involves all kinds of licenses, in terms of whether they are an advantage or a disadvantage, whether they should or should not continue in effect, and so forth.

Harry Tanugraha said: "Isn't it strange? The export of textiles not affected by a quota requires prior issuance of a permit. The businessman must go first to the Department of Trade to ask for its approval of the transaction. Only after obtaining this approval can he go to the Provincial Office of Trade to obtain an export permit."

He cited another example. To export rubber, a businessman must have a certificate of quality. When he is ready to export the rubber, the businessman contacts the quality certification body, an organization designated by the government. However, the costs for certification are borne by the businessman. A sample of the rubber is again sent to the quality testing laboratory, which was also set up by the government. He continued: "The question of rubber quality had better be turned over to the private sector, with the government monitoring the process. If there are repeated quality claims against the businessman, the government warns him. Under the present system claims are not paid by the rubber quality certification body. If there is a claim, the most they will do is to say: "We only took a sample or tested the sample."

For the business world the issuance of a permit does not only involve taking up time and paying official charges to obtain it. More money is required to ensure its issuance, including additional charges for speedy issuance. This is in conflict with the effort to achieve efficiency which is presently being encouraged.

Speaking of the question of efficiency, Harry Tanugraha said that this involves four kinds of considerations. First, efficiency in the sense of increasing productivity. Secondly, efficiency in terms of arranging documentation and the issuance of permits. Thirdly, efficiency in the sense of government regulations. Fourthly, efficiency in the marketing of the goods.

For an example of efficiency in the preparation of documentation and the issuance of permits we might consider that if a person wishes to change his name as a recipient of electric service, he must obtain a recommendation from the Neighborhood Association [RK] and the Residents' Association [RW]. This is not efficient and leaves the impression that the government agency involved is not responsible for the permit which it issues.

Efficiency in terms of government regulations means more particularly to what extent the regulation applies. He said: "We issued the 6 May economic package. However, this only benefitted the board of directors of the Indonesian Chamber of Commerce and Industry [KADIN]. Then we had the

Indonesian Commodity Exchange. However, do the results equal all of the costs involved in establishing it?"

BIOGRAPHIC INFORMATION ON INDONESIAN PERSONALITIES

[Unless otherwise noted, the following information on Indonesian personalities has been extracted from Indonesian language sources published in Jakarta.]

SULARTO SUTOWARDOYO--On 6 November 1986 President Soeharto installed Sularto Sutowardoyo in office as Indonesian ambassador to Zimbabwe. Ambassador Sularto, who is 56 years old, is a career diplomat who initially served as chief of the Political Section in the Indonesian Embassy in Helsinki. He then was transferred to the Indonesian Embassy in Brussels. Between 1981 and 1984 he was director of European affairs at the Department of Foreign Affairs. After that he was appointed deputy permanent Indonesian delegate to the United Nations Office in Geneva. He once worked for the Indonesian Press Bureau (PIA). [Excerpts] [Jakarta TEMPO in Indonesian 15 Nov 86 p 37] 5170

BRIG GEN WISMOYO ARISMUNANDAR--On 9 January Brig Gen Wismoyo Arismunandar will be installed in office as commander of Military Region VIII/Trikora, replacing Major General Setiyana. Major General Setiyana (47 years old) has been appointed by the Indonesian Armed Forces high command to be commander of Military Region IV/Diponegoro, filling a position which was left vacant by Maj Gen Harsudiyono Hartas. Brigadier General Wismoyo, who has most recently been chief of staff of Military Region IX/Udayana, graduated from the National Military Academy [AMN] in 1963 and is the first member of his class to become commander of a military region. He is a former commander of the Army Special Forces (KOPASSUS). He was born on 10 February 1940. Since he was appointed commander of KOPASSUS in 1983, he has been promoted rapidly. Before he was commander of KOPASSUS, he was the commander of Group I of KOPASSUS, with his headquarters in Serang, West Java. A classmate of Brigadier General Wismoyo's at the AMN who is also a brigadier general is Sintong Pandjaitan, who is now commander of KOPASSUS. Brig Gen Sintong Pandjaitan is 46 years old. Brigadier General Wismoyo turned over his duties as chief of staff of Military Region IX/Udayana to Brigadier General Warsito. [Text] [Jakarta KOMPAS in Indonesian 8 Jan 87 p 8] 5170

BRIG GEN AMINULLAH IBRAHIM--On 7 January the post of commander of the Indonesian Marine Corps was turned over from Major General (Marines) Muntaram, the former incumbent, to Brig Gen (Marines) Aminullah Ibrahim. Brig Gen Aminullah Ibrahim graduated from the Navy Academy (AAL) in 1960. He had previously been chief of staff of the Marine Corps. He is the seventh commander of the Marine Corps, following the late Major General (Marines) R.

Soehadi (1950-61), the late Lieutenant General (Marines) Hartono (1961-68), the late Lieutenant General (Marines) Moekijat (1968-71), Maj Gen (Marines) (Retired) H. Moh. Anwar (1971-77), Lt Gen (Marines) (Retired) Kahpi Suriadiredja (1977-1983), who is now Indonesian ambassador to the Republic of Korea, and Major General (Marines) Muntaram, who has been commander of the Marine Corps since 7 May 1983. [Text] [Jakarta HARIAN UMUM AB in Indonesian 8 Jan 87 pp 1, 8] 5170

CSO: 4213/44

INDONESIA

BRIEFS

TRANSMIGRATION FROM WEST NUSATENGGERA--Jakarta, Jan 30 (ANTARA)--The West Nusatenggara province will move another 132 migrant families, the rest of the 1986/1987 target of 1,000 families to be resettled at the Muara Waho, East Kalimantan, on February 6. Chief of the local transmigration office Drs S. Soebaglo told ANTARA here Thursday these migrant families would be flown to the transmigration project on board a special plane from the Selaparang airport. [Text] [Jakarta ANTARA NEWS BULLETIN in English 30 Jan 87 p A2] /9317

LPG PLANT CONSTRUCTION STARTED--Bontang, Samarinda, Jan 31 (ANTARA)--The construction of the Liquefied Petroleum Gas (LPG) plant in Bontang, East Kalimantan, was begun Friday which was designed to yield an average of 350,000 tonnes per month. The plant which will cost of 306 million US dollars is located near the LNG plant and is scheduled for completion on January 1, 1989, Processing Director of the Pertamina state owned oil company Jople Rahju Oekon said. The plant, together with the Arun LPG plant now under construction, were expected to produce 19.5 million tonnes per year under a special contract with eight Japanese buyers for a ten-year period. The Arun LPG plant was also constructed near the LNG plant. Although the oil market is still gloomy today but Jople regarded the construction of the LPG plant as reasonable and at the proper time in connection with the effort to win the international market share especially in Japan which today depends on the Middle East suppliers. Project Manager E.E.P.P. Siregar said Japan which is the biggest buyer of Indonesian LNG was likely to decrease its dependence to only one energy source so that it should be supplied with an alternative energy. He mentioned LPG as very much needed by Japan. The project is realized by a main contractor, PT Chiyoda Chemical Engineering and Construction Co Ltd from Japan. [Text] [Jakarta ANTARA NEWS BULLETIN in English 31 Jan 87 p A2] /9317

STATE RAILROADS' LOSSES CONTINUE--Jakarta, February 1 (ANTARA)--The state railways (PJKA) cannot show a good business prospect for rail transport although the public is increasingly using its services. PJKA secretary Sutarno told the press here Saturday the company's continuing losses from year to year were largely caused by under-the-counter deals when paying the fare. Without elaborating the amount of the losses, he said most of the systems of order, control and services adopted by the company turned out fruitless. Actually we have made an everlasting effort to improve the

services. he said. The data indicated that PJKA is one of the state companies receiving government subsidies in a great amount every year. In 1985, the subsidies totalled Rp 35 billion. Before the September 12 rupiah devaluation, the ceiling of government subsidies to each state company was Rp 40 billion. [Text] [Jakarta ANTARA NEWS BULLETIN in English 2 Feb 87 p A1] /9317

MOCHTAR ON JAPAN'S DEFENSE BUDGET--Tokyo, Feb 3 (ANTARA)--Foreign Minister Prof Mochtar Kusumaatmadja has said that the increasing of Japan's defence budget is merely needed for the defence of her territory, and there is nothing to worry about that. But, if there are some anxieties about the increase of Japan's defence budget, so there must be some reasons for that, he said in a press conference here recently. He said the limitation of 1.00 percent of the gross national product (GNP) for Japan's defence budget had thus far experienced ups and downs. But this time the budget has broken the ceiling of one percent of the GNP, he reminded. According to Mochtar, the increase of Japan's defence budget is presumably for the self-defence of her national territory and sovereignty. "Thus, there is no problem," he added. On (Henry) Kissinger (former US Secretary of State and international political analyst's) anxiety over the hike of Japan's defence budget, Mochtar said that Kissinger had certainly his own reasons for that. [Text] [Jakarta ANTARA NEWS BULLETIN in English 3 Feb 87 pp A5, A6] /9317

PERTAMINA DESCRIBES REDUCED ACTIVITIES--Jakarta, February 4 (ANTARA)--President Director of the state-oil company, Pertamina, A.R. Ramly, told parliament at a hearing here Tuesday that the oil business has shown a downward trend in the last three years. The slowdown in oil activities according to Ramly was due to the introduction of the new taxation system, oil overproduction and the decline in oil price on the world markets. Several new contracts and regional tenders had to be postponed as the new taxation system was introduced, the Pertamina president director said. Ramly added that seismic studies in 1983 covered an area of about 54,000 km² whereas in 1984 it was only 22,000 km². "Despite increasing in 1985 and in 1986, it is unlikely to achieve the 67,500 km² targeted for 1989," he added. The exploration and drilling activities also slowed down, he said. It is difficult to achieve the target of drilling 250 wells per year at the end of PELITA IV (1984-1989). Indonesia's oil production declined in 1986. This is due to the restriction in production imposed by the government pursuant to the OPEC decisions. Based on the OPEC decisions, Indonesia early this year got an oil production quota of 1,333 MBCD (million barrel Celender per day) including its condensed oil production. [Text] [Jakarta ANTARA NEWS BULLETIN in English 4 Feb 87 p A2] /9317

STATE COMPANIES, INFLATION RATE DISCUSSED--Jakarta, Feb 5 (ANTARA)--President Soeharto has instructed the ministers to report to him this month the conditions of the state-owned companies (BUMN) of their respective ministries. Minister of Information Harmoko told newsmen after a limited cabinet meeting on economy, finance and industry at the Bina Graha here Wednesday that based on the reports the government would take decision which of the BUMN's would

be continued or be privatized. During the cabinet meeting, the situation of the state monetary was also reported. In December 1986, money in circulation amounted to Rp 11,192 billion. Last January the inflation was recorded at 0.43 percent or increase by 0.32 percent if compared with the previous month. Minister Harmoko explained that the inflation was due to the increase in the expenses for housing (0.43 percent), clothing (1.17 percent) and various goods and services (0.73 percent) whereas at the same time the expenses for foods dropped by 0.07 percent. If compared with the 1986/1987 budget the inflation increased from 5.39 percent in the corresponding period to 7.65 percent. Harmoko pointed out that Indonesia's trade balance in November 1986 recorded a surplus of US\$150.2 million. This was gained from the ratio of the exports worth US \$1,079.4 million and the imports valued at US\$929.2 million. [Text] [Jakarta ANTARA NEWS BULLETIN in English 5 Feb 87 p A3] /9317

LNG PRICING AGREEMENT WITH JAPAN--Tokyo, February 6 (ANTARA)--Indonesia and Japan have agreed to link the price of Indonesia's liquefied natural gas with the fixed price of Minas crude which is US\$17.56, a source at Japan-Indonesia Oil Co said Friday. The agreement between Indonesia's state-owned oil company Pertamina and six Indonesian LNG buyers in Kansai ended a series of long and strong discussions in Jakarta and Tokyo in the last few months. Indonesia meanwhile agreed Thursday to return the excess payment for the LNG that had been purchased at temporary price by the buyers so far. The Japanese buyers had purchased the Indonesian product on the basis of the crude price which was recorded at US\$23 per barrel up to August and at US\$13 since September last year. It was not disclosed how much Pertamina had to return to the buyers but the step had improved the credibility of Indonesia as an oil and gas supplier in Japan. The six buyers of Indonesian LNG in Kansai are the electric companies Kansai, Chubu and Kyusu, the gas companies Osaka and Toho and Nippon Steel. They import about 10.7 tons of LNG a year. Two electric companies in Kanto--Tokyu and Tohoku--are still discussing price with Pertamina. These two companies that import about 310,000 tons of Indonesian LNG a year are hoping to get the same price formula. [Text] [Jakarta ANTARA NEWS BULLETIN in English 6 Feb 87 p A9] /9317

NO CAMPAIGNING IN MOSQUES--Majalengka, February 10 (ANTARA)--Minister of Religious Affairs H. Munawir Sjadzali has stressed that in facing the coming Pemilu (General Elections) all contestants should not make mosques and other houses of worship sites of campaign. The minister made his call before the villagers of Rajageluh, Majalengka regency, West Java after commissioning the Nurul Amaliyah mosque in the district last week. He further said President Soeharto as the chairman of the Amal Bhakti Muslim Pancasila Foundation (YABMP) had stated that mosques had to be used only as a place to pray, worship and praise God the Almighty. [Text] [Jakarta ANTARA NEWS BULLETIN in English 10 Feb 87 p A1] /9317

COMMANDER URGES NU-PPP HARMONY--Members of the Development Unity Party (PPP) and of the Nahdatul Ulama (NU) [Muslim Scholars] were asked to maintain their harmony and not to allow themselves to be split apart. If, in fact, a member

cannot become a member of the executive committee, then he won't be a member. However, if he is still in agreement with the party, he should not be expelled. This was recently stated by the commander of Military Region V/Brawijaya and commander of the Security and Order Command in East Java. He made this statement when reporters asked his views in connection with the increasing distance opening up in relations between the PPP and NU in East Java. The military region commander also expressed the hope that all groups in East Java will continue to be united and will make use of their right to vote in the forthcoming elections. Up to the present the security situation in East Java continues to be good, and he hoped that this will continue throughout the elections campaign. Although it is possible that the political temperature will rise, this must be faced properly, because the general elections present no particular problem. General Saiful urged the people of East Java to exercise their rights as voters in the best way possible. Regarding the mass of voters who are considered as not having made up their minds, he asked that they be shown the necessary understanding. Thus, groups that are puzzled about how to vote should not remain puzzled but should vote in the elections. He also extended an invitation to various social and political groups to contact him, particularly if they encounter problems in the course of preparations for the elections. They may come to him, and his office will assist them fully. Meanwhile, according to the military region commander, there are certainly some elements which wish to create problems in the conduct of the elections. Whether these elements are of the Left or the Right, the people must continue to be vigilant. [Text] [Jakarta MERDEKA in Indonesian 5 Jan 87 p 7] 5170

CSO: 4213/44

U.S., THAI, PRC SUPPORT FOR XIENG KHOUANG ANTIRESTANCE

Vientiane KONGTHAP PASASON LAO in Lao 6 Nov 86 p 3

[Article by S. Mouangsam: "Assembling Forces"]

[Excerpt] Soui is located in northern Xieng Khouang Province. It is subordinate to Pek District, which borders Houa Phan, Luang Prabang, and Vientiane provinces. A special feature here is the Phieng mountain range. In these mountains are the villages of Bouan Long, Phu Kum, Phieng Vieng, and Louang Khan. In the past, this area was the base area of the Vang Pao special forces, which were supported by the United States and traitorous Lao reactionaries. They used this area along the Mekong River as a base from which to oppose the Lao revolution. They assembled Mong tribesmen from various areas and attached them to the Vang Pao special forces at Sam Thong and Long Cheng. Vang Pao used the rural areas based on the theory "infiltrate and change the revolutionary forces in order to gradually progress from the rural areas to the cities."

In order to carry out the devious tricks of the Lao reactionaries, with the cooperation of the expansionists and American imperialists, the remnant forces of Vang Pao that are still hiding in the mountains are trying to form a viable force again. They are receiving some support from the United States and the Chinese reactionaries on the other side the Lao-Thai-Chinese border. They have begun stirring up trouble in various villages. They are using psyops warfare, spreading propaganda, and distorting the policies of the LPDR in order to mislead the various tribal groups, particularly the Mong, who live in the rural areas of Xieng Khouang and Houa Phan provinces. These reactionaries have returned in order to assemble their forces. They are using these forces to mobilize the Mong people. And they have taken part in the Mong New Year celebrations. People have been organized and assigned various tasks, such as purchasing weapons. People have been given ranks in order to make preparations for carrying out the plans.

These evil people have interfered in the lives of the tribesmen, who have no idea what is going on and who are being used just as in the past. The reactionaries have persuaded the tribesmen to participate in carrying out their dark plots. They have tried to foster greater unity among the tribes and between the urban and rural areas and used force to close the communications

routes from Phon Sa-at to Sam Neua. They have assembled the people in groups in order to make it easier to control them. This has made the situation more unsettled.

In order to implement the party's plan on gradually building greater security, on 25 May 1984, the party and administrative committees joined together with the local military forces in Xieng Khouang Province and, with the guidance and leadership of the provincial party committee, began building the primary level. In carrying out this work, many difficulties were encountered. In the remote mountainous and jungle areas, some of the people believed the propaganda of the enemy. They were backed by the armed forces of their bosses in the north and west, who also gave them financial support.

After receiving orders, 15 officials went into remote jungle areas in order to help restore peace to these areas. They stressed political and military activities and worked to improve the economic and cultural situation. Priority was given to cantons that were experiencing difficulties. In particular, attention was focused on 5 villages in Tai Canton and 15 villages in Long Dan Canton, because the enemy had infiltrated these villages and persuaded the people to join them. The enemy was making preparations to stage an uprising in accord with the plans of the Chinese reactionaries. In the past, the people in these villages had been forced to move to Long Cheng and Bouan Long. After liberation, the people returned to these villages along the Mekong River. But few of these people were good citizens. They continued to think about staging a revolution.

In the beginning, this unit divided the tasks and focused on controlling the situation in all respects. They evaluated the situation each period. That is, they worked hard to discover the tricks of the enemy. They tried to isolate the enemy. Those who were stubborn and refused to reform were attacked. Initial results were achieved. That is, results were achieved in increasing the awareness of these people. Seminars were held for the people. The unit organized things to help the people and guided them in reforming themselves. They cooperated with the people in preparing for battle and building the primary level. The people worked hard to increase yields. As a result of the success achieved in building the primary level, the people came to trust the unit. The people began to disclose secrets. The unit used the strength of the people as a base in order to discover the enemy's plans. Those who were stubborn were gradually surrounded. The people began to see the plots of the enemy more clearly. We organized the youths and used them as a base to solve the problems.

After that, the unit increased its guidance and looked for the strengths and weaknesses of the enemy. They made a great effort to persuade those who had been tricked into working for the enemy to become good citizens again. Efforts were focused on village leaders, particularly those in Ban Louang Khan, which is located far from the district seat and from other villages. Louang Khan was one of the largest villages in this area. It had a larger population than other villages. Thus, the enemy wanted to seize control of the village to use it as a revolutionary base. When our unit arrived there, the villagers said that they definitely didn't want any cadres in the village. Thus, our unit considered this and went to six other smaller villages in order to organize

training seminars for the people and spread propaganda. Initially, they focused on the educated people who had good awareness. As a result of the seminars, the unit was able to gain control over the reactionaries and their underlings. The enemy was isolated and had to surrender. Finally, these villages became bases for us. The enemy hidden in the jungle returned to their families and began leading ordinary lives in Laos.

Since mobilizing the people, it has taken time to build the primary level. Bouan Long, Phu Kum, Phieng Vieng, and Louang Khan villages have become strong bases of the province. A number of enemy continue to stir up trouble and oppose us, but our local forces are carrying on resolute suppression operations. The local forces are cooperating with the people in eliminating the remaining Vang Pao Mong in various places in Xieng Khouang Province. Today, the various minority groups are very happy under the new system.

11943

CSO: 4206/56

PHONG SALY COUNTERS PRC-BASED SUBVERSION, U.S. BLAMED

Vientiane KONGTHAP PASASON LAO in Lao 13 Nov 86 p 3

[Article by S. Vangphuthong: "In the Northernmost Region of the Country"]

[Excerpts] After the country was liberated, instead of being allowed to live peacefully, heal the wounds of war, and develop the country, our people have had to confront the Chinese big-power expansionists, who, in cooperation with the American imperialists, have implemented stratagems in an attempt to destroy the Lao revolution. This has made it difficult to carry out a peaceful transformation and administer the country. In order to further their ambitions, they have supported and trained the Lao expatriates and infiltrated them into Laos in order to stir up trouble here.

Phong Saly Province, which is the northernmost province in the country, shares a 231-km border with China. It is the forward bulwark against the barbaric enemy. In the face of this, the soldiers and people of Phong Saly Province must unite under the leadership of the party and wage a resolute struggle against the enemy in order to counter the psyops activities of the enemy. The enemy is trying to destroy our unity in order to bring about a peaceful change and take over the country. In order to counter the psyops activities of the enemy, defend our border, and maintain security, Phong Saly Province has carried on three major activities:

First, the province is focusing on carrying out things in accord with the spirit of Politburo Resolution 51 in order to mobilize the people, build a political base, and gain the support of the leaders and intellectuals of the various ethnic groups.

Second, the province is improving administration so that it can serve as the party's tool of the dictatorship of the proletariat. An effort has been made to strengthen administrative power. At the same time, conditions have been created to enable representatives of the various ethnic groups to participate in administering things. In particular, attention has been focused on the cantons and villages near the border. Propaganda activities have been carried on in order to make the people understand the necessity of helping to defend the country. The armed forces and guerrilla forces have been strengthened.

These forces are responsible for defending their areas, checking travelers, maintaining order and security, defending the border, and punishing those who stir up trouble and spread rumors.

Third, the province is making a great effort to expand the economy based on the lines of the party and state. Economic development has been tied to defending the country and maintaining security. Conditions have been created to enable the economic sectors to carry out their work conveniently. The province has given attention to supervising economic activities and controlling the purchase and exchange of goods in order to improve living conditions. As a result, the Chinese reactionaries' plan of disrupting the economy using the "buy high, sell low" stratagem has failed.

As a result of these three activities, Phong Saly has become more secure. Even though the enemy continues to use various stratagems, including political, economic, and psychological tricks, and even though the province does not have any main-force military units, it has been able to defend itself. Thus, at the recent all-army cadre conference, senior officials praised Phong Saly's provincial forces for setting an outstanding example in defeating the enemy on the political front. The people have been taught to know the psycops warfare tricks of the enemy and have been encouraged to defend the border and maintain security in the locality.

11943

CSO: 4206/57

FEATURE DESCRIBES SOVIET-AIDED AUTO REPAIR PLANT

Vientiane PASASON in Lao 8 Jan 87 p 2

[Article by Kong Maly: "A New Auto Repair Plant"]

[Excerpt] In Ban Phon Sa-at, Nong Bon Canton, Saisettha District, Vientiane Capital, a new auto repair plant has been built in order to repair vehicles such as Lada, Volga, Niva, VAZ, and "LAV" vehicles. This plant is subordinate to the Small Vehicles Company, Ministry of Transportation and Post. It went into operation officially on 5 January 1987.

This new auto repair plant is called the "Phon Sa-at Auto Repair Plant." This plant was built with the help and cooperation of the parties and governments of Laos and the Soviet Union. The Soviet AVTOEXPORT Company provided the Small Vehicles Passenger Transport Company with equipment used in repairing and maintaining vehicles. The equipment provided by the Soviet Union, which was worth several tens of thousands of rubles, included three jacks, vehicle washing equipment, tire pumps, air hoses around the plant, sprayers, tire changing equipment, and equipment for installing electrical systems. The plant also installed hydraulic lifts for lifting heavy items and equipment for fixing flat tires. Besides this, the equipment has been inspected and demonstrations have been given. This plant is contributing to repairing vehicles and keeping them in operation. Efficiency in repairing and maintaining vehicles has been increased. At the same time, two Soviet experts are working at the plant. They are teaching our cadres and mechanics how to use this modern equipment and helping to raise vehicle repair standards.

Mr Bouakham Ammala, the head of the Small Vehicles Passenger Transport Company management board, said that this vehicle repair plant will not repair just company vehicles. It will also repair and service vehicles belonging to ministries and committees of equivalent organizations. The plant has the capacity to repair an average of 149 vehicles a year. We have also purchased spare parts for Lada, Volga, and VAZ vehicles in order to be ready to repair these vehicles. Mr Bouakham also said that the opening of this plant will save money, because this will be cheaper than sending the vehicles out to be repaired. According to the plan, repairs at the plant in 1987 will total 26,1234,017 kip. This will save 8,021,965 kip.

11943

CSO: 4206/56

STORY ON USE OF SPIES TO ROOT OUT SAYABOURY ENEMY

Vientiane KHONGTHAP PASASON LAO in Lao 6 Nov 86 pp 2, 4

[Article by K. Wangphuthong: "Encounter With a Thick-Skinned Person"]

[Excerpts] It was the middle of the afternoon. Mr Khamphai and three others were walking through a rice field on their way to Ban Houai Lia. All of them were perspiring heavily, and they were tired. They had been on a 3-day operation to search for the enemy. But the search had proven fruitless. All they had found was the footprints of the enemy. Villagers told them about having seen the enemy. For several hours, while walking, Mr Khamphai wracked his brains to think of a way to intercept the enemy. Mr Khamphai thought that the enemy might have concealed a spy among the villagers of Ban Houai Lia in order to have him monitor our activities and keep the enemy informed. After considering the possibility of this, Mr Khamphai changed his plan. He and his men returned to the village and asked the administrative organization to call a meeting that evening.

During the meeting, Mr Khamphai told the people that he and his men had been searching for the enemy for 3 days but had been unable to find them. He said that the enemy have now fled elsewhere. Thus, there is no need to worry about anything unusual happening at the present time. He said that people should remain calm. Beginning tomorrow, everyone should go out to work as usual. If they encounter the enemy or see anything unusual, they should report this to the administrative powers. He said that he and his men were going to go search for the enemy again, and he asked the village headman and head of the guerrilla unit to select three men to accompany them.

After he finished speaking, the village headman quickly got up and asked Mr Khamphai to remain in the village. He seemed to be very upset and worried. He asked them to stay a few more days in order to give comfort to the villagers. But Mr Khamphai refused, saying that he had to go, because the situation has returned to normal.

The next morning, Mr Khamphai asked two students from the village to pretend to go bird hunting in order to have them watch for the enemy. Mr Khamphai, his men, and the guerrilla forces left the village and took the road to Sayaboury.

After walking awhile, he sent the two guerrilla forces back to the village so that the villagers would know that he and his men had left the area and returned to their unit in Sayaboury.

Around 1500 hours, the two students met Mr Khamphai at a prearranged spot and told him that the enemy were staying at a hut in the rice field. They also said that "they gave us some money and asked us to buy them some food. They told us to bring it to them in the evening." Hearing this, Mr Khamphai felt better and was able to formulate a plan to suppress the enemy. He quickly ordered the students to take the food to the enemy.

Mr Khamphai assembled his forces and explained the plan of attack to them. He spoke words of encouragement to the men in order to counter the rumors that Mr Phan, the leader of the bandits, whose nickname was "Phan Nalai," had supernatural powers and could not be captured. The rumors also said that he had the ability to protect his men. People believed these rumors. Because during the 2 clashes last week between the enemy forces and our forces, none of the enemy was killed or wounded.

After the students had purchased the food and returned to see Mr Khamphai, Mr Khamphai gave them a secret code to use and then sent them on their way. Before they left, he gave them a pat on the head to show his affection and wished them success in carrying out the task assigned them.

People had been talking about Mr Phan Nalai for almost 10 years. It was said that he was "tough skinned." But this time he and two of his subordinates were killed. The remaining two men cannot hold out for more than 5 days. They will definitely have to surrender to officials. Along with suppressing the enemy, our men also seized many weapons and war materials such as AK rifles, explosives, clothing, cameras, and a "Fomy" machine.

News of the defeat of this gang of bandits, which was led by Mr Phan Nalai, has spread quickly by word of mouth. This has made the people very happy. Everyone has great praise for the heroism of our revolutionary fighters. In order to honor their achievement, the headquarters, that is, the provincial party committee held a ceremony in their honor.

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CSO: 4206/56

RESISTANCE-INSPIRED DRAFT DODGING, REFUGEE FLIGHT, BANDITRY

Vientiane KONGTHAP PASASON LAO in Lao 13 Nov 86 p 2

[Short Story column by S. Mouangsam: "Waiting for Evil People"]

[Excerpts] Mr Phaeng made frequent trips back and forth, bringing back cattle or pigs. Mrs Phaengphan complained about such behavior. She has expressed her thanks to the administrative powers and officials who have taken steps to change the bad behavior of Mr Phaeng and turn him into a good citizen.

Mr Phaeng is not a stranger. He is from Ban Thon Thinphoei. Just 2 years after the country was liberated, Mr Phaeng went to live at the Nong Khai Refugee Center. With his evil nature, he abandoned his country and joined the reactionaries in order to stir up trouble in his native land.

With great awareness, Mr Saly stepped out of his house carrying a knife in order to go check on his cattle. Even though it was very dark, he saw a shadow in the cattle pen. He was certain that it was a thief who had come to steal his cattle. Without hesitation, Mr Saly rushed to the pen and shouted, "Help, Help! A thief is stealing my cattle." Even before Mr Saly began shouting for help, a village security unit was already aware of what was happening. And so when Mr Saly began shouting, the unit immediately arrested the thief.

Thus, that night a new suspect joined the other prisoners at the village police station. The prisoner had long hair like a woman. He was very pale and sat shivering in fright. The village guerrilla chief asked him, "Mr Phaeng, when did you come here?" "Two days ago," was the answer.

"You left a long time ago. You haven't been back to visit your family in a long time. Why did you come back this time?"

"I came back this time on the order of the head of the Lao expatriate camp. I was ordered to carry out two tasks. First, I was supposed to urge young men here to defect. We had received word that men were being drafted. Second, I was supposed to steal cattle and buffaloes. I have carried out such operations many times in the past. This was supposed to be my last time. I have stolen approximately 20 head of cattle altogether." Mr Phaeng stole the cattle in order to sell them in Thailand. Also, he was paid thousands of baht for inciting men to flee to Thailand. But he refused to say to where in Nong Khai

the men were taken. But this time his luck ran out and he was arrested. He is now awaiting punishment. But the people will definitely forgive him if he shows remorse for his crimes and makes an effort to become a good citizen again.

Mrs Phaengphan was not at all upset when she learned that her nephew had been arrested. She was very happy about this and thanked the administrative powers, that is, the officials, for arresting a criminal. Without these new administrative powers, these criminals would not stop just at stealing cattle and buffaloes. They would also do great harm to the country. We must rely on the administrative powers to eliminate the criminals.

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COMMENTARY ASSAILS THAI REPORT ON MONG DEATHS

Vientiane PASASON in Lao 8 Jan 87 p 2

[Commentary: "Behind the False Reports Appearing in the Thai Newspaper DAILY NEWS"]

[Text] The atmosphere of friendship and mutual understanding between the peoples of Thailand and Laos as brothers and neighbors has gradually improved, particularly following the negotiations between the high-level teams of experts from the governments of the two countries that were held at the end of November 1986.

Recently, many things have happened that have helped to improve Lao-Thai relations, which is in accord with the wishes of the people's of the two countries. For example, friendship boats have crossed back and forth across the Mekong River, and there have been artistic and cultural exchanges. Lao theatrical groups are now performing in Thailand based on the recent exchange plan formulated by the Lao-Thai Friendship Organization. The Thai mass media, including SU ANAKHOT, LAENG KHAO, SIAM RAT and some television stations, have reported on the friendship activities of the Lao artistic groups in Thailand. This is helping to improve the friendly atmosphere. However, recently, at a time when both sides were making preparations to hold another round of negotiations in Bangkok, the 31 December 1986 edition of DAILY NEWS printed a false report, which said that "Vietnamese military forces in Laos killed 43 Mong tribesmen near Ban Nong Khangkha in Nong Dun Subdistrict, Bung Kan District, Nong Khai Province." This false report has damaged the LPDR. The objective was to cause splits among the various groups in Laos and between Laos and Vietnam. On 5 January, KHAO SAN PRATHET LAO printed a special article denying the report that appeared in DAILY NEWS and showed the bad effects that will result from printing such libelous reports. However, DAILY NEWS continues to criticize others in this irresponsible manner. Considering what has happened, it is clear that they are trying to spread propaganda. Because that DAILY NEWS article stated that "many bodies could be seen floating along the river. None of the villagers in the area dared go fishing in the Mekong River." But actually, the Lao people have just been used in an attempt to create an issue. Because actually, no one has been killed, and no one has seen any bodies floating in the river. The 31 December 1986 issue of DAILY NEWS also said that the "Mekong River on the Thai side is filled with bodies. The villagers at Ban Nong Khangkha in Nong Dun Subdistrict, Bung Kan District,

Nong Khai Province, don't dare go fishing." As for this claim, if it is true that Mong have been killed, they were probably killed by Thai. Because there have been two campaigns to drive out the Lao Mong who were tricked into fleeing to Thailand. This happened as a result of conflicts with certain Thai military officers and Thai ISOC [Internal Security Operations Command] officials. Today, the Mong tribesmen have been lied to and cheated to the point where they have nothing left. The truth is, people who do not want to see relations between Laos and Thailand improve have tried to create an issue. If something like this actually did happen in Thailand, it shows that they are trying to use this to blame Laos and Vietnam in order to cover up the barbaric actions of the gangsters in Thailand. Not only will these accusations against Laos and Vietnam harm unity within Laos and damage Lao-Vietnamese solidarity, but they will have a bad effect on improving friendly relations between the peoples of Laos and Thailand. This is also contrary to the substance of the Joint Lao-Thai Communique of 1979. What has happened clearly shows the peoples of Laos and Thailand who the culprit is and who is trying to stir up trouble and block an improvement in relations between Laos and Thailand. As a result of this, the peoples of Laos and Thailand are more aware and are ready to oppose the tricks of those who hope to destroy the fraternal relations between the peoples of Laos and Thailand.

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AIR FORCE FIGHTER PLANE UNIT TRAINING ROUTINE DESCRIBED

Vientiane KONGTHAP PASASON LAO in Lao 13 Nov 86 p 3

[Article by S. Saengsuli: "Fighter Unit and the Building of Units"]

[Excerpts] A company-level air force fighter unit was established on 20 October 1977 in order to expand the air force. In 1983 this unit was upgraded to a battalion-level unit and equipped with fighter aircraft and modern scientific and technical means of control, which requires commanders and technicians with strict discipline. And there must be scientific work plans.

The unit has been very strict about the six military systems. Each week, the fighter unit performs the flag ceremony, cleans the weapons, ensures that everything is in order, and holds a meeting. Every evening, the number of personnel is checked, and combat readiness is maintained 24-hours a day.

In order to be ready to carry out its duties, this unit carries on specialized training activities totaling an average of at least 100 hours a year. The pilots and technicians are given tests, and their skills are evaluated. Every year they are given 120 hours of political education. Ever since the unit was formed, attention has been given to improving the political views of the cadres so that they can provide political leadership throughout the unit.

Following flight regulations and maintaining technical capabilities are very important and decisive for winning. Thus, the engineers and pilots have to work as a team in all respects, because their work is linked together like a chain. If one thing is missing, this will affect operations as a whole. Another lesson to be learned from this unit concerns self-reliance. Even though this unit's degree of logistics support is higher than other units, it does not sit idly but works hard to increase production. It has mobilized people to raise livestock collectively. The families of cadres and state employees in the unit have been mobilized to raise livestock, sell goods, and purchase goods from the people in order to improve the standard of living of the people in the unit and maintain their health.

Although the unit's degree of logistics support is high, it is aware of the difficulties that the country is facing. It is doing everything it can to help improve the material and spiritual lives of the cadres and pilots. The men use their spare time to increase production, upgrade each level, and improve the health of the personnel in the unit.

BRIEFS

SUCCESSFUL ANTIRESISTANCE CAMPAIGNS--During the past 10 years, our armed forces throughout the country have carried on various activities to defend the country. The main forces and local forces throughout the country have done many heroic deeds and scored outstanding achievements. They have shouldered heavy burdens. For example, during the period 1977-1979, they struggled to eliminate the remnants of the enemy forces. And in 1984 they fought to defend the three villages in Sayaboury Province. As a result, the imperialists and reactionaries had to withdraw. Our forces have defended frontline areas and kept them secure. Besides this, our main forces and local forces in certain areas have eliminated spies who have secretly entered the country with the aim of stirring up trouble and destroying our new system. Examples are at Sangkhi and Chingchu islets at Ban Khoksai, and Tin Phui at Sitan Tai. During the period 1976-1977, armed right-wing reactionaries of the Thai powerholders entered these areas but were defeated by our people. These tests have served to increase the capabilities of our cadres. They have foiled all the plots of the enemy. The construction of the economic foundation has expanded greatly. Today, it can be said that our armed forces are self-reliant on all fronts and have sufficient supplies to last at least 30 days. [Excerpt] [Vientiane KONGTHAP PASASON LAO in Lao 13 Nov 86 p 3]

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WEEKLY OFFERS INDONESIAN EXAMPLE OF UNITY IDEOLOGY

Quezon City VERITAS in English 22-28 Jan 87 p 7

[Commentary by Ed C. de Jesus in the "Analysis" column: "An Ideology for Unity"]

[Text] A wire service news item recently reported that the Indonesian Council of Roman Catholic Bishops had agreed to accept Pancasila as the state ideology.

In 1985, the Suharto government passed a law requiring all religious, political and social groups to subscribe to the Pancasila or the Five Principles. The Catholic Church in Indonesia which ministers to about three percent of the population was reportedly the last major religious organization to submit to this law.

Although described by the Reuters report as the "new" state ideology, the Pancasila, in fact, dates back to June 1, 1945. In a historic, extemporaneous speech to the Preparatory Committee for Indonesian Independence, Sukarno proclaimed the five principles which he believed should serve as the foundation of the new state of Indonesia.

The members of the Committee were fully united in their opposition to Dutch colonial rule but they belonged to different races and ethnic groups, worshipped at different altars and pursued different political and social ideals. Sukarno's contribution was a set of beliefs that could bond together the diverse elements that made up the country.

The "first basis for Indonesia," according to Sukarno, must be nationalism, "neither Javanese nationalism, nor Sumatran nationalism, nor the nationalism of Borneo, or of Sulawesi, Bali or any other, but Indonesian nationalism."

The second principle was internationalism: "we must proceed towards the unity of the world, the brotherhood of the world. We have not only to establish the state of Indonesia Merdeka, we must also proceed towards the familyhood of nations."

Sometimes rendered as "popular sovereignty," or "democracy by consensus," the third principle combined the concepts of unanimity, representation

and deliberation among representatives--in Sukarno's words, "unanimity arising out of deliberation amongst representatives." The principle offered both challenge and reassurance to Indonesia's Muslim majority: "If it is true that Islam here is a religion which is alive in the hearts of the masses, let us leaders move everyone of the people to mobilize as many Muslim and delegates as possible for this representative body."

The fourth principle, "social justice," followed from Sukarno's dream that "there shall be no poverty in Indonesia Merdeka." Sukarno criticized western democracy for a narrow preoccupation with political equality. Indonesia also needed equality in the economic field to achieve social prosperity.

While the fifth and final principle enjoined "belief in God," it also urged religious tolerance. "Every Indonesian should believe in his own God," but "without religious egoism," "with moral nobility," "with mutual respect for one another."

These five principles Sukarno compressed into three by combining nationalism and internationalism into "socio-nationalism" and democracy and social justice into "socio-democracy." The three principles he further reduced into one--gotong royong or mutual cooperation. "The principle of gotong royong between the rich and the poor, between the Muslim and the Christian, between the non-Indonesians and those of foreign descent...this, Brothers and Sisters," Sukarno pleaded, "is what I propose to you."

Upon attaining power in 1966, the Suharto government tried to dismantle the cult of personality that had grown around Sukarno during the struggle for independence and that he had carefully cultivated during the period of Guided Democracy when he ruled as president for life. But the Pancasila survived the process of de Sukarnoization and, twenty years later, has triumphantly reemerged as the official and mandatory state philosophy.

The emphasis on the Pancasila suggests that the Suharto government today continues to face the problem of national integration that had confronted Sukarno forty years ago. Skeptics may wonder, however, how a decree making the Pancasila the compulsory state dogma can reconcile competing factions. Even during Sukarno's rule, rival groups gladly took shelter under the broad canopy of the Pancasila but, interpreting the principles according to their respective interests, found in them sufficient grounds for continuing their competition for power.

But the Pancasila clearly encapsulates some lofty and challenging goals--a point which may present problems for the government if it is perceived as unable to make satisfactory progress towards their attainment. And at the very least, all Indonesians now apparently identify with a set of basic principles.

For other countries the continuing relevance of the Pancasila in Indonesia may offer some comfort. It serves as a reminder that in the struggle for national unity a set of beliefs can provide a central focus and a centripetal force. Ideologies do not always and automatically have to divide.

WEEKLY URGES PARTY LEADERS OFFER ABLE ELECTION CONTESTANTS

Quezon City VERITAS in English 22-28 Jan 87 p 11

[Editorial: "Give Us a Choice"]

[Text]

THE television talk shows have already begun to flood the television screens with the faces of political fortune seekers.

We listened to one such guest string a series of statements which reflected a hodge-podge of views on the Constitution. There was not much substance to what was said but the performance was slick enough to draw some obligatory applause from the studio viewers. This was followed by a younger aspirant who did not mask the lack of ideas with glibness. The lack of skills at articulation was properly matched by the vacuous facial expression. I am afraid that these two examples will not be the exceptions but the rule. They left us with a feeling of alarm and anxiety.

We are in deep trouble when party leaders fill up their slates with personalities on the basis of other than ability and skills, character and integrity and a record of service to the community and the country. Party leaders have excused such selections based only on money, popularity or power by pointing to the electorate and saying

that these are the candidates who win the votes. We think we should complain and remind them as leaders of their responsibility to give the electorate a real choice.

Political leaders will do well to heed the directives of President Corazon Aquino who will personally approve the line up for 24 candidates to be fielded by the ruling coalition for the May 11 senatorial elections. She said the selection process should not be limited to the nominees from the traditional political parties. She has also rejected the proposal for "equitable sharing" by the traditional parties of the 24 slots. Rather these will be chosen for merit and qualification rather than party affiliation.

Perhaps then this will give a chance to non-traditional politicians to run for office and be given a chance to serve. Perhaps too this will give way for the new politics to begin to influence the conduct of government toward genuine reform and recovery.

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CSO: 4200/354

SURVEY REPORTS PUBLIC REACTION TO SPECIFIC CHARTER ISSUES

Quezon City VERITAS in English 5-11 Feb 87 p 13

[Report by Gigi S. Oyog on "second" Ateneo-Social Weather Station Survey: "Reacting to Issues"]

[Text]

FROM its drafting to its ratification, the 1986 Constitution has been surrounded with controversy. Certain groups had urged President Corazon Aquino to either suspend the plebiscite or to allow voting on the proposed Constitution by parts. Thus, the apparent landslide ratification of the Constitution does not necessarily mean a total and blind approval of the Charter.

It contains some provisions that some groups feel strongly about. Because of these observations, the government and the future Congress would do well to carefully study these controversial points to be able to formulate laws that are based on interpretations that respond to the public pulse.

The second Public Opinion Report conducted jointly by the Social Weather Stations and the Ateneo de Manila University gives an idea of how the general public reacts to certain issues in the Constitution.

The public seems to realize the need for land reform. This is indicated by the willingness of 67 per cent of the respondents to pay taxes to help finance land reform, while 32 per cent were not willing to pay taxes.

However, what makes the land reform provision touchy are specific clauses in the provision that will be subject to the interpretation of the Congress. For instance, the redistribution of all agricultural lands shall be subject to... the payment of just compensation.

One interpretation of just compensation could be fair market value, which certain farmers' organizations are urging against because peasants would not be able to pay for the land under these terms. When asked what was their preferred amount of compensation for the ex-land owner, 48 per cent of those covered by the survey prefer that the ex-land owner be paid below the market value, 40 per cent believe that compensation should be equal to market value, and only 11 per cent believe that the ex-land owner should receive zero payment.

On a similar note, the respondents were also asked what the land reform beneficiary should pay. Fifty-one per cent believe that the beneficiaries should pay something but the payment should be below market value, 38 per cent believe that payment should be equal to market value, while only 10 per cent think that

the beneficiary should pay nothing for the land.

In consonance with the policies set forth by the Constitution, 62 per cent agree that big tracts of public land, like pasture lands, that are leased by government to only a few should also be included in land reform; 20 per cent are undecided while 17 per cent disagree.

On the same vein, 61 per cent concur that all other kinds of natural resources, like big fishpens, in lakes that are leased by government to only a few should be included in land reform; 19 per cent are undecided while 18 per cent disagree.

Sixty seven per cent support the Constitution in including all other kinds of agricultural land, and not only rice and corn, in the land reform program. Fifteen per cent disagree while 16 per cent could not make up their minds.

Sixty-five per cent believe that land reform should also cover big haciendas or private lands that are owner-managed and dependent on hired workers, and not only those under share tenancy or lease tenancy. Fourteen per cent disagree while 19 per cent are undecided.

Another contested issue among the members of the Constitutional Commission while it was still drafting the Constitution was the extent of foreign participation in the exploitation of the country's natural resources. However, the Constitution has pegged it at 40 per cent. Thirty-eight per cent agree with the Constitution but 27 per cent believe that entities engaged in the exploitation of natural resources should be 100 per cent Filipino owned. Nineteen per cent believe that the 40 per cent limit should be decreased further while only nine per cent think

that it should be increased. Five per cent say that the limit is unimportant.

Bitter debates at the Con-Com centered on the question of retention or dismantling of the US military bases. The Constitution provides that after the Agreement between the Philippines and the United States concerning the bases expires in 1991, no foreign military bases, troops, or facilities will be allowed in the Philippines except under a treaty duly concurred in by the Senate, and, when Congress so requires, ratified by a majority of the Filipino people in a national referendum. It also states that the other contracting party should recognize the agreement as a treaty.

Survey results showed 60 per cent favoring or tolerating the US bases in the Philippines, 18 per cent disagree, while 20 per cent have not decided.

Forty-eight per cent of the respondents think the bases should stay regardless of rental or aid because these are valuable for the defense of the Philippines; while 29 per cent believe that the bases should stay if the rental/aid is sufficient. Twelve per cent are of the opinion that the bases should be removed, regardless of rental/aid because they may cause the Philippines to be involved in and be devastated in a nuclear war. Six per cent say that the bases should go, regardless of rental/aid because their presence is against Philippine independence.

The survey also included the respondents' reactions to the power of the President to declare martial law without permission of the National Assembly. A majority or 53 per cent agree that the President need not seek the concurrence of the Congress while 28 per cent disagree. Eighteen per cent are undecided.

VERITAS: CHARTER APPROVAL SEEN AS PROD TO GOVERNMENT

Quezon City VERITAS in English 5-11 Feb 87 p 6

[Editorial: "The Limits of Approval"]

[Text] What is the meaning of the February constitutional plebiscite?

One message is a resounding vote for constitutional government and political moderation. It rejects the extremism of the Right and Left as an option for the present.

It emphatically expresses the people's confidence in the leadership of President Corazon C. Aquino. The people have spoken, there is no one they would prefer at the moment to guide the ship of state.

But the vote should not be mistaken as a passive stance toward her administration. Her tremendous popularity with the people cannot be denied and should not be dismissed. But it would be foolish to think that it is a blanket endorsement. Public support is not a limitless fund that the government can draw on indefinitely.

We are inclined to read in between the lines of the "yes" vote.

It is quite natural that having given President Aquino such an awesome personal victory, confirming her term through the next five years and establishing her legitimacy beyond question, the people should now also raise their expectations for government performance.

The Plebiscite approval signals an affirmation of the President's power and authority to overcome the challenges against the government and the state. She is now expected to use her full presidential prerogative to move against those who attempt to destabilize her rule. Perhaps she needs to be reminded that when she asserts her authority, she is acting in the interest of the people, not necessarily her own. The public deserves some respite from the malcontents and mischief-makers who freely wreak havoc on the city, brandishing the arms given for their use to protect the people. The clamor for peace and civic order should now be heard. If she fails to move against these groups, she squanders the precious political capital that has been handed her through people power.

There are other readings. The vote also translates quite bluntly: The government must now get its act together. It must buckle down to work.

We hope, for the president's sake as well as the people's that the warning is served upon her appointed officials, who, it must be pointed out, do not all enjoy the same popular endorsement.

We do not expect things to be solved overnight. But there will no longer be the kind of patience for administrative lapses, for communication slips and bureaucratic inefficiencies. Her officials must learn to manage the business of government. Neither will the people stand for the arrogance of the newly appointed and the alienation and isolation of officials from the people's expressed concerns.

Perhaps the constitutional mandate calls for an executive examination of conscience on promises failed or abandoned.

In the period between now and the convening of Congress, the president can exercise full legislative powers. The people will certainly be disappointed if President Cory falters and fails to seize the initiative to prime the political ground for genuine populist reform and the fulfillment of nationalist aspirations.

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CSO: 4200/354

INTERNATIONAL BUSINESS OFFICIAL ON POST-CHARTER PROMOTIONS

Quezon City VERITAS in English 5-11 Feb 87 p 4

[Text]

KENNETH C. Tyas, chairman of the Philippine Association of Multinational Companies' Regional Headquarters, Inc. (PAMURI), this week expressed satisfaction that the apparent overwhelming approval of the constitution in the February 2 plebiscite removes one of the obstacles to greater interest in the Philippines by foreign business entities.

Tyas said that "In our contacts with foreign businessmen, the uncertainty regarding the constitutional framework within which investors or regional headquarters would operate has been a problem. With the new constitution offering clear and reasonable parameters for foreign business, it becomes much easier to promote the Philippines abroad."

He added "PAMURI has been promoting Manila aggressively as a regional headquarters location. The organization recently sent over 1,500 business leaders

worldwide its brochure encouraging them to make Manila the center of their operations in the Asia-Pacific area." Key benefits of locating a regional headquarters in Manila were cited as cost-effectiveness, the availability of quality English-speaking staff, and the stated support of the Board of Investment. Tyas stated that PAMURI has been working closely with the BOI on review of the Regional segment of the Omnibus code and was pleased with the high level of cooperation and positive, action oriented approach of the government body.

PAMURI is a chamber of commerce styled organization representing some 100 multinational companies from 17 countries with regional headquarters established under P.D. 218.

Tyas is Regional Managing Director of Avon Pacific, Inc., one of the larger regional headquarters based in Manila.

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CSO: 4200/354

DEVELOPMENT, NATIONAL BANKS TO TRANSFER LIABILITIES

Quezon City VERITAS in English 22-28 Jan 87 p 22

[Text] Some P108 billion of assets and P157 billion of liabilities will be transferred by the five-man Committee on Privatization from the Development Bank of the Philippines and the Philippine National Bank.

These moves will relieve DBP and PNB of the burden of carrying non-performing accounts accumulated over the years. Their combined book value of P108 billion represents the exposure of the two institutions to 396 accounts, and includes the original loans or equity investments as well as accrued interests, penalties and advances for administrative costs, operating expenses and repayment of loans to third parties guaranteed by the two banks. The inclusion of these two charges in the book value, possible overpricing in the original acquisition of the assets and subsequent deterioration of these assets mean that these may be sold at a price lower than their original acquisition value.

Preliminary statements prepared by the DBP and PNB show that only 22 percent or P24 billion of the book value of the assets may actually be realized.

The Committee on Privatization is headed by Finance Minister Jaime Ongpin and Ministers Jose B. Concepcion, Jr., Luis R. Villafuerte, Alberto G. Romulo and Solita C. Monsod as members. The transfers will be made to the Asset Privatization Trust, another five-man committee charged with disposing of the assets within five years.

With the transfer, the government must provide funds for the security, insurance and utilities required to conserve and preserve these assets.

After the transfer, DBP's assets will decline from P74 billion to P10 billion, PNB from P79 billion to P26 billion. With the divestment of these non-performing assets, the banks are expected to return to their former profitability and function more efficiently under their revised charters.

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CSO: 4200/354

JACINTO FAMILY PRESSES OWNERSHIP CLAIM TO STEEL FIRM

Quezon City VERITAS in English 22-28 Jan 87 pp 22, 23

[Article by Ellen I. Gomez]

[Text]

INTERESTING times," as an oriental curse goes, still hovers over the Government-owned National Steel Corporation. The Marcos regime reportedly seized the firm "at gunpoint" and its owners booted out of the country. Two decades later the real owners are still trying to get back the firm while the Government is poised to sell off NSC under a privatization scheme.

Pressing ownership claims is the Jacinto family whose sequestered company, the Iligan Integrated Steel Mills, Inc. (IISMI), is now under the control of the state-owned NSC. With the Government's privatization scheme underway, change of ownership may be in the offing to complicate matters. Reports quoting Trade and Industry Minister Jose S. Concepcion Jr. said that the current NSC board is in the process of ironing out kinks before the planned sale of the P9.2-billion steel firm.

Nippon Steel of Japan has indicated interest in buying into NSC, according to reports and to date, the biggest roadblock to selling off NSC to the private sector is the ownership claim of the Jacintos over the NSC-absorbed assets of the former IISMI.

Don Fernando Jacinto founded IISMI in 1963 after winning a bid for a steel mills project where the

Government appropriated some P50 million. Also backing the project was the US Export-Import Bank which required that the management of the steel firm be handled by the private sector. The Macapagal administration supported the project by providing tariff protection and incentives.

After the project pushed through, Eximbank approved a credit loan worth \$62.3 million to finance IISMI's capital requirements. From 1965 to 1969, the firm's civil works started while its hot and cold mills were completed; IISMI began operations and a modest profit was realized in 1969.

The devaluation of the peso in 1970 accounted for the firm's losses amounting to more than P52 million; IISMI had to pay for its outstanding raw materials and meet foreign exchange obligations. The Jacintos had to negotiate with Eximbank for a restructuring of the firm's loans. With a loan restructuring agreement in place, IISMI met its obligations.

PRESSURES on the steel firm was begun in 1971 when then President Marcos tried to get control of about two-thirds of IISMI. The Jacintos denied the presidential overtures resulting in the firm

being placed under the Central Bank watchlist and their intransigence softened with a 15-month plant shutdown due to cuts in raw material imports. The shutdown spelled losses of about P250,000 per day.

With the Development Bank of the Philippines reportedly acting on Marcos's orders, the would-be strongman threatened foreclosure of IISMI but the Jacintos obtained a court injunction stopping the action.

A year later, Marcos finally succeeded in taking over the Jacinto-owned steel firm. To justify the government's takeover, the ex-strongman ordered Jaime Laya and Cesar Virata to do a study on why IISMI should be sequestered. The two technocrats commissioned the UP Business Research Foundation, Inc. which Laya himself headed to do the study. A formal foreclosure was finally effected in 1974 by the DBP and IISMI was renamed the National Steel Corporation.

The Jacintos charge that the DBP and the new management of the former IISMI profited by as much as P547 million by merely undervaluing the foreclosed assets: DBP appraised IISMI's assets at P457.28 million while the American Appraisal Co., Inc. valued the assets at over P1 billion.

If undervaluation had been set in the past, privatizing NSC has caused what potential buyers and investors cite as "dubious reap-

praisal of the firm's total worth." Critics point out NSC has been reduced to "a buy-and-sell business firm" buying cheap and proposing to sell high.

NSC reported a net income of P419 million in 1985 but records show that the firm's earnings came from interest earnings (P291 million) and sales tax exemptions (P374 million) which indicated NSC's poor performance in its main production line. Some industry observers were quoted as saying "NSC might as well convert itself from a steel mill to a bank."

While there were no corresponding increases in NSC sales to justify or meet the huge capital outlays, NSC investments jumped to P9.27 billion in 1985 from the previous year's P4.17 billion.

A memorandum sent by the then Defense Minister Juan Ponce-Enrile to President Aquino on March 7, 1986, stated that "under the old regime, the sequestrator (Enrile) was directed to sequester certain assets of the Jacinto family and corporations which they have interest or control in view of the latter's obligation to the government — in view of the dismantling and abolition of such regime, the continued sequestration by the undersigned (Enrile) has become untenable."

Enrile concluded, "as sequestrator of said assets, (I have) directed the orderly transfer of

the same to its rightful owners without prejudice to any arrangement that the government may make in connection with the liabilities of the Fernando Jacinto family."

So far, the Government and the Jacintos are still locked in a battle for ownership over the NSC, said to be the country's largest company with a designed annual capacity of about a million metric tons of steel products. The Jacintos insist that NSC was only formed out of IISMI's assets which were transferred to NSC in 1981.

The brewing ownership controversy is still under review by the Presidential Commission on Good Government (PCGG) through a special panel composed of Jose Ma. Jacinto, the family representative, Jose Ben Laraya, one of NSC's chief executive officers, and PCGG's Salvador Hizon.

But with the no-injunction clause now a part of the presidential directive covering the Government's privatization scheme for its corporate sector, it appears that the Jacintos' claim will not affect the eventual sale of NSC. Only the NSC's strategic nature will perhaps allow selling off 40 per cent of the firm to foreign investors with the government retaining a 35 per cent share of ownership.

Should that happen, then IISMI will indeed wallow in "interesting times."

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CSO: 4200/354

MEDIA FORMS PRESS FREEDOM MOVEMENT AGAINST THREATS

Quezon City VERITAS in English 5-11 Feb 87 p 4

[Text]

WHILE press freedom in the country has been restored in the aftermath of the February revolt last year, it is already being buffeted from many sides and subjected to various forms of threats and pressure.

This was the consensus of a group of media workers who recently banded together to form the People's Movement for Press Freedom (PMPF).

Spearheaded by former National Press Club (NPC) president Antonio Ma. Nieva and broadcaster Ric Valmonte, the movement wants to involve all sectors of society in the cause of upholding and defending press freedom:

"This is where our basic difference with groups like the NPC which are exclusive to media practitioners lies," said Valmonte. "Since press freedom is only a part of the larger right of free expression, it warrants

the participation of everyone in championing it."

PMPF cited the January 22 ruling of the Supreme Court upholding the privilege of the Katipunan ng mga Brodkasters sa Pilipinas (KBP) to ban from the air broadcaster Rolando Bartolome.

In its ruling, the Supreme Court said that "the adoption of a code of ethics for broadcast practitioners and its enforcement by the industry as a form of voluntary self-regulation" is not tantamount "to curtailing press freedom."

Bartolome, however, argued in his motion for reconsideration that "freedom of expression could not be bargained away in the guise of self-regulation." PMPF added that as an owners' group, KBP cannot impose a code of ethics on media people.—PNF

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CSO: 4200/354

ANGLICAN BISHOP OF CORDILLERA ENDORSES NDF

Quezon City VERITAS in English 22-28 Jan 87 p 21

[Article by Patricia L. Adversario: "The Clergy in a Revolutionary Setting"]

[Text]

THE NPAs may have lost a Father Balweg but they still have a Father Ed Balicao and "several others."

Priests and members of the clergy have played a significant role in the revolutionary movement especially in the Cordillera, where Church leaders and priests have seen no contradiction between Christian faith and the revolutionary path to "the people's deliverance."

Drawing parallels between the Nicaraguan experiences and those

in other Latin American countries, most of these Christians who are in the revolution see the revolution as the "praxis" of their Christian faith.

Even a bishop came to the first congress held by the underground NDF group in the Cordillera, the Cordillera People's Democratic Front (CPDF) in Sagada last weekened. Anglican Bishop Roberto Longid of Sagada expressed in his solidarity message with the NDF that he understands the validity of taking the revolutionary struggle as an option.

Longid admits that he's leftist since he subscribes to the "very nationalist stance of the NDF" but qualifies that he would have reservations about waging armed struggle to attain nationalist objectives.

"This is all we ask: for the government to respect the issues that the people are raising--and that they should not have to face the threat of might from the armed forces or a sense of condescending patronage. If government wants to solve the people's problems then they should come down to the level of the people."

"There are signals that the government is going in this direction but we would like to get more. Government should provide more than just basic services. What is needed is a major overhaul of our economic policies, our foreign relations with other countries and the terms of trade. These will have to be redefined."

"We've always talked about the democratic space but it looks like that space is not as wide as we have hoped for and seems to be narrow after all."

"The people here do not want the military because problems in the past have been initiated by the military and yet the position of the military is still "very, very strong." Scoffing at military claims that their absence would enable the NPAs to consolidate during the ceasefire, Longid counters, "What's wrong with the NPAs consolidating during the ceasefire?"--PLA

MRS 'TINGTING' COJUANGCO ROLE IN MILF TALKS REPORTED

Quezon City VERITAS in English 22-28 Jan 87 p 14

[Article by Carolyn O. Arguillas: "The Tingting Connection"]

[Text] At the Friday night (January 16) press conference in Cotabato City Presidential Adviser on National Affairs Aquilino Pimentel was asked: "What is the position of Tingting Cojuangco in the government?"

According to Pimentel, although Mrs Cojuangco is not a government official, her concern about the Mindanao situation prompted her to lay the groundwork for talks between Al Haj Murad, vice chairman of the Moro Islamic Liberation Front (MILF) and Pimentel.

"That question was really stupid. I am not a government official! I am only doing this because Murad is my friend. Just like you and I are friends," Mrs Cojuangco told Veritas, when pressed about the press conference question. Before other questions could be asked, Mrs Cojuangco turned away to fetch friend Al Haj Murad for the meeting with President Aquino.

Tingting Cojuangco has been acknowledged in Mindanao as a sort of "heroine of the war," since the meeting with Pimentel would not have been made possible without her. The chairman acknowledges this. The general acknowledges this, and so does Pimentel.

Mrs Cojuangco attended the October 7 Congress of the MILF last year.

Friday afternoon, Mrs Cojuangco and Murad met in the latter's camp. No details of the meeting were released except that Murad had agreed to meet with Pimentel.

Observers here agree it was Mrs Cojuangco who was instrumental in that Pimentel-Murad meeting. Others, however, are wondering why Murad and the MILF had to declare war when they could have asked Mrs Cojuangco to facilitate the MILF's meeting with President Aquino. Other questions raised here include, "since they are close friends, was Mrs Cojuangco in a way aware of what the MILF intended to do?"

Veritas never found out since Mrs Cojuangco had left in a huff.--COA

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CSO: 4200/354

VERITAS CRITICIZES MILF, URGES MUSLIM UNITY

Quezon City VERITAS in English 22-28 Jan 87 p 10

[Editorial: "Muslim Reconciliation"]

[Text]

O VER 50 people died during the five days when the Moro Islamic Liberation Front (MILF) unleashed its armed partisans.

MILF Vice Chairman Ali Haj Murad expressed regret for the attacks but insisted "we did not do this because we like war. We did this because we like peace."

The statement must appear to the ordinary citizen as incomprehensible as the complexities of the muddled politics of Mindanao. For the fifty odd casualties of the abbreviated conflict, the MILF brought only the peace of the graveyard.

Haj Murad also dismissed as "childish" the allegation that the MILF attacks were designed simply to get the attention of the government. The MILF will need to do a lot more explaining to persuade people that it was not buying its way into the peace talks between the Muslim National Liberation Front (MNLF) and the Aquino government at the cost of human lives.

That the MILF should want a role in the peace negotiations is perfectly understandable. To convince the public that its motive goes beyond power politics, it would have to deal with its relationship with the MNLF.

The MILF has declared that it wants to negotiate with the government under the auspices of an international Islamic organization. But it is the MNLF which has been recognized by the Islamic Conference Organization and had been accepted as a member of the Islamic Conference of Foreign Ministers.

The MILF has also expressed a preference for negotiations with the government to be undertaken by a common panel representing the various factions. But the MNLF civilian coordinator Ustad Sharif Zain Jali pointed out:

"We invited the MILF officially to join us in Jeddah but they refused to join." Jali also accused the MILF of being backed by "Western-oriented traditional Muslim politicians who are commercializing the issue."

There were those who predicted all kinds of problems arising from the situation. But the outbreak of hostilities with the MILF has tempted politicians of different persuasions to criticize the government's handling of the Muslim issue. However, certain realities should not be ignored.

The government has always wanted to negotiate with only one Muslim group. But the various Muslim factions could not or would not unite. It could not negotiate simultaneously with all factions without being caught in a bidding game. If the different groups have different programs, how can the government simultaneously and separately deal with their demands? Forced to choose one group to set negotiations moving, it made the logical choice. The MNLF has been the biggest and the best known Filipino Muslim resistance group.

Ironically, the Aquino government, presumably the antagonist of both the MILF and the MNLF, is apparently expected to reconcile the rival Muslim groups. The government can mediate between the two but surely the task of Muslim reconciliation is one that the different Muslim groups themselves must work to assure.

If the Muslim factions succeed now in forming a common panel, the Aquino government should be given some credit for the achievement.

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CSO: 4200/354

VERITAS QUESTIONS PROPRIETY OF ALSA MASA IN DAVAO

Quezon City VERITAS in English 22-28 Jan 87 p 12

[Commentary by Melinda Quintos-de Jesus in "The Human Factor": "Agdao's Restless Peace"]

[Text]

It is not so easy to understand the Alsa Masa of Barrio Agdao. Even the people of Davao confess to some confusion.

To some, particularly those more removed from the reality of Agdao, the Alsa Masa represents a counterweight to the threat of the NPA. And this is how the leaders of the Alsa Masa project themselves. In various media reports, they claimed to defend the people against the rebels who had dominated this troubled community for years.

Agdao's mass-based support for the NPAs was well demonstrated. Countless soldiers had been gunned down in the district's streets and alleys. The dread Sparrow units, liquidating squads of the NPA, could swoop in their attacks in broad daylight.

It is a visibly quieter Agdao today. The NPA graffiti have been washed away or painted over. New streamers cheering the Alsa Masa have taken their place. There are weekly dances in Agdao where the young people are "vivo," jubilant. There are those who claim that they are no longer afraid to walk the streets after dark.

And if one were to go by the death count, there are indeed far less killings in Agdao today. And there is much less NPA activity in a place that once earned the label "Nicaragdao."

Alsa Masa's armed members are estimated to number from 60 to 150, while 3,000 to 4,000 have been counted as organized supporters of the movement. Have they indeed brought Agdao a genuine and lasting peace?

I went to Agdao searching for the meaning of the ambivalence, the grey beyond the black and white. For there are many in Davao and even in Agdao itself who have become uneasy about civilians carrying guns. How disciplined, how well trained are these new bearers of arms? Is this the people's answer to the NPA? If the military claims to give them their moral support, is this the government's response to the problem of insurgency in Agdao?

One source of confusion about the reality of Agdao is that it is not that well known that the NPA began to withdraw from the area, according to some sources, as early as October in 1985. Aware that their ranks had been infiltrated by deep penetration agents or DPAs of the military, the NPA felt it necessary to regroup and evaluate their organization. Their boycott stance during the February campaign and election did not help the situation either. By the time the Alsa Masa was organized in March, the NPA was no longer the force that it used to be. The barangay captain,

the notorious Baby Aquino (he was killed by the NPA in April last year) had dissolved the CHDF and organized the Alsa Masa to take its place. The movement has since filled the power vacuum in Agdao.

The question is, does the Alsa Masa hold the answer to peace? People point out that while political killings have decreased, violent criminality has increased. Is a vigilante group in a squatter and slum community like Agdao the answer to insurgency?

The Alsa Masa may be seen as a peace enforcer now by some of the people of Agdao. But what happens when another contending force rises to challenge its control. There are real fears that the quiet of Agdao is only a "restless peace."

The Sparrows have left their nest in Agdao. But have other birds of prey descended to take their place?

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CSO: 4200/354

THAILAND

COLUMNIST BLAMES PARLIAMENT FOR U.S. EXPLOITATION OF COUNTRY

Bangkok BAN MUANG in Thai 6 Dec 86 p 5

[Ta Lo Mo column: "MP Weaknesses Enable the United States To Put Pressure on Thailand More Easily"]

[Text] The United States continues to attack. This time, it wants to eat Thailand's "balls." It has asked to build a tobacco plant to compete against the government's plant. The United States is applying great pressure. Today, the single tobacco plant is a government monopoly. It earns at least 1 billion baht a year for the state. Seeing this figure, the United States began salivating and asked permission to build an American tobacco plant.

If the government allows them to build this plant, it will have to share at least half the revenues. And Thai tobacco growers will not be able to sell as many tobacco leaves, because the United States will bring in American tobacco leaves to replace Thai tobacco leaves. Because besides building a tobacco plant here, the goal of the United States is to sell American tobacco leaves.

The request by the United States to build a tobacco plant in Thailand is like the English Opium War and the U.S. demand that Japan open its doors to foreign trade during the time of Rama 4.

If Thailand refuses this request, the United States may cut its aid to Thailand, such as the military aid that it gives us. And more importantly, the United States will put greater pressure on Thai goods. Thailand is very afraid of this, because the United States is Thailand's second largest market after Japan. But if Thailand allows the United States to build a tobacco plant in Thailand, the United States will definitely try to open many other factories, too. These will be both "monopolistic" and "saturated" type factories. But they will be able to sell American goods. There will be a "parade" of American goods.

If Thailand allows the United States to establish this plant here, it doesn't mean that only the United States will do this. Other countries will make use of the rights granted by Thailand to the United States. Thailand's economy will collapse. Today, the United States is waging an economic war against Thailand in the interests of the United States. It has taken various actions against Thailand. The Farm Act has hurt Thailand. Our corn has been hurt.

Also, great pressure is being applied to goods on which import taxes are paid at special rates. Such goods include textiles, ceramics, steel pipe, canned pineapple, and canned seafood. The United States is stepping up its pressure on these goods.

There are also a whole host of trade protectionist bills before Congress to restrict imports into the United States. Many of these bills will affect imports from Thailand. Besides this, U.S. ports are also collecting a special fee on Thai goods imported into the United States. Also, the U.S. Customs Department is blocking the import of certain types of Thai food products. As a result, we have to pay a higher label fee. At the same time, the United States is pressuring Thailand to pass a law protecting intellectual property rights. For example, it wants Thailand to increase the protection given to registering copyrights, patents, and drug formulas. The next item to be included will be new crop varieties that have been patented. This means that from now on, Thailand will have to pay patent fees to the United States, too. The United States is so concerned about this issue that it has sent officials to monitor things in Thailand.

If Thailand gives the United States everything it wants, what will be left for Thailand? This is worse than being robbed. Because in a robbery, you suffer a loss only once. What is more, we will not suffer losses just to the United States. Other countries will demand such rights, too. As if besieged by vultures, the Thai will not be able to survive here. Because of this, regardless of the consequences, we cannot give in to the United States. The best way out is to eliminate the United States as a trading partner and stop worrying about whether the United States purchases our goods. Otherwise, Thailand will become a slave of the United States and the other developed countries.

MPs must change their role in order to deal with the United States. Today, when MPs form a government, they act as if they have an obligation to support the government on every issue. They fail to distinguish between what should be supported and what should not be supported. This is a weakness that enables the United States to put pressure on Thailand more easily. For example, the United States is now pressuring Thailand to pass a law guaranteeing intellectual property rights such as patents, copyrights, and drug formulas in accord with the views of the United States. Once the government drafts a bill and presents it to parliament for promulgation, it feels that parliament has a duty to pass the bill into law. But that is incorrect. MPs must stand on their own feet in the interests of the state or people. MPs don't have to approve every bill submitted by the government. The constitution does not require the government to resign or dissolve parliament whenever a government-sponsored bill fails to win passage in parliament.

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CSO: 4207/122

THAILAND

DEFENSE MINISTRY REACTION TO U.S. AID CUT

Bangkok LAENG KHAO in Thai 24-30 Dec 86 pp 20, 21

[Unattributed report: "Cut in Military Assistance, a Change in American Commitment to Thailand"]

[Excerpt] The U.S. embassy stated that the change in the form of assistance from from extending loans to giving grants and support money for military training programs and extending economic aid shows that the United States intends to continue supporting Thailand. The United States is fully cognizant of Thailand's special position as a frontline country, of Thailand's need to modernize it's military, and of the commitments that the United States has long had to Thailand.

Thai Doubts

Air Chief Marshal Phaniang Kantarat, the minister of defense, spoke about the cut in U.S. military aid to Thailand. He said that this will have a great effect on the Thai military. This is particularly true in the case of the military aid loans. Thailand had expected that it would receive credits totaling \$100 million.

Air Chief Marshal Phaniang said that the navy and army, which have purchased weapons using F.M.S. funds, will be directly affected. "Our military has already cut spending to the bone. We admit that this will cause problems for us," said the minister of defense.

The confirmation that this change in U.S. security aid is causing problems for Thailand has led people to wonder how important Thailand is in the eyes of the United States and to doubt the strength of the U.S. commitment to Thai security.

As for the question of how important Thailand is in the eyes of the United States, it must be admitted that Thailand's position has changed from when it was a frontline country in defending against the communist threat during the period of the Vietnam War. Today, it is far removed from the communist threat because Cambodia, where the two communist camps are vying for power, serves as a buffer. The importance attached to Israel, Egypt, and Pakistan confirms Thailand's lack of importance.

"In particular, the difference between the two communist camps, that is, the Soviet Union and China, has changed Thailand's position. The United States plans to use China to counterbalance Soviet influence in this region instead of trying to block the Soviet threat itself," said a senior official in the Ministry of Defense.

The news source also said that there is a strong possibility that China will replace the United States in providing military aid to Thailand. This is evident from the fact that China has already provided Thailand with a number of artillery and AAA guns.

Some people suspect that the cut in F.M.S. loans is connected to the navy's attempt to procure five Bell-214ST helicopters using F.M.S. funds to buy the helicopters directly from the producer, which is contrary to the agreement on the use of these loan funds. The United States stipulated that the funds had to be used to purchase weapons standard to the U.S. military on a government-to-government basis only.

"The American embassy is very upset with the navy for violating this regulation and for charging that the United States has made huge profits by requiring us to purchase goods on a government-to-government basis at highly inflated prices," said the news source.

The same official said that looking at this from the standpoint of U.S. interests, the United States should not have cut the loan budget, because the United States had a chance of getting this money back.

Regardless of what changes are made, a reduction in aid will benefit the United States. Also, a close watch should be kept on relations between the United States and the Thai military in view of the fact that for the past 6 months, the United States has been expressing dissatisfaction with certain Thai military leaders.

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CSO: 4207/115

WEEKLY FAULTS UNILATERAL FOREIGN POLICY GAIN FOR U.S. IN DEPOT

Bangkok KHAO PHISET in Thai 29 Dec 86-4 Jan 87 p 5

[Text] The establishment of a Thai-U.S. arms depot has progressed to the point where a treaty may be signed, in spite of the fact that American law is interfering with progress on this matter somewhat by not allowing an establishment of an arms depot in a country where there are no U.S. bases. However, Thai government officials disclosed to KHAO PHISET that that is not a big problem. The American side is using this cooperation so that it would lead to a revision of this legal limitation.

Thai government officials are firmly confident that Thai-U.S. cooperation on the arms depot "gives Thailand a 100 percent advantage." And it considers that the only benefit the United States will gain from this cooperation is "an increase in U.S. effectiveness in maintaining its influence in the Pacific region." It was disclosed that the Thai-U.S. arms depot will stockpile only "ammunition" and Thailand has the right to determine the type of weaponry to be stockpiled. Therefore, the concern that the United States would use this depot for the kind of weaponry that would benefit only the United States can be eliminated. The depot would not be used to store parts or weaponry of high capabilities, which would result in a perception that pressures are being put on countries in this region.

The right that the Thais would have to grant to the United States and U.S. weapon traders is an exemption from taxes on weapons to be kept in stock. The Thai side has the right to use the ammunition in the depot on short notice and then notify the United States to replenish the stock to the original level.

More details of the Thai-U.S. arms depot project will be disclosed soon, and both sides agreed that they would disclose such details at the same time once the treaty has been signed.

In the meantime, there is no disclosure of details; the doubt and concern, in general, remain to be these:

1. In whose hand is the power to control the stockpile going to be? Is it going to be the same as in the case of the Rama Soon Radar Station, in

which, it is true, Thais may benefit from the information collected by the station, but the United States will benefit more. In particular, the United States benefits more because there is no obligation to hold back from using the capabilities of the station to interfere in the internal affairs of Thailand.

2. Although this arms depot may not hold weapons with high capabilities that would create tensions in this region, there are no guarantees, at the policy level, that this arms depot would not become an outlet or a distributing market for U.S. weapons in this region. This is particularly true, when we take into account the duties exemption preferences given to American weapons traders, who bring their products into this depot.

3. Although the Thai government officials may be confident that the Thai side will have an advantage from the treaty in that it will decide what type of weapons will be stockpiled here, in the past the United States had had an advantage all along because it is a producer country. It is therefore a cause for concern that the arms depot would limit even more the Thai's side's rights to choose the types of weapons appropriate for the modernization of its armed forces.

4. Considering past U.S. foreign policy, we would be even more concerned about the question: Are there any obligations that would prevent the United States from using this arms depot in the same way that it has used an arms depot in Israel to meet its recent foreign policy needs in a witless manner.

It is a matter of concern here because Thai government officials might see the benefits that the Thai side would receive to be greater than they really are; and the agreement on this matter has always been secret. Most important is that Parliament does not have an opportunity to examine how great are the losses and gains for Thailand.

The establishment of an arms depot may appear to be a positive thing as long as Thailand's foreign policy is pegged to that of the United States. But the Thai Parliament and political parties that might have a different policy on this should make haste to express more of their views than they do at present. At least the Armed Services Committee of the House of Representatives should examine in detail the advantages and disadvantages, both short term and long term, before the treaty is officially signed.

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CSO: 4207/95

THAILAND

COLUMNIST WANTS TIES TO COMMUNISTS, DISTANCE FROM U.S.

Bangkok DAILY NEWS in Thai 9 Jan 87 p 2

[Around the World column by Trairat: "Thai Policy in 1987"]

[Text] Which direction will Thai foreign policy take in 1987? We have come under great pressure from our friends, particularly the United States, which has tried to restrict our freedom and keep us in line, even if at a distance. This is clear from the fact that when Thailand voiced opposition to the U.S. attack on Libya, the United States reacted by cutting military aid to Thailand, implementing the Farm Act and Jenkins Bill, and taking other such actions.

We acted properly. We should stand up and show the United States that we are prepared to be their friend but not their underling or slave. They have to let us formulate our own foreign policy in our own best interests in both the short and long term. We can't continue to follow the ass of the United States as in the past. Then, whenever the United States perpetrated some evil action somewhere, it pulled Thailand into it, too. We followed their lead every time. We became involved in the Korean and Vietnam wars and in other activities of dubious nature.

We have drawn closer to China. That is entirely correct. Using China to counter Vietnam and the Soviet Union has achieved excellent results. Vietnam and the Soviet Union now know that there is no possibility of their occupying Indochina. We should try to establish closer relations with the Soviet Union. As for Vietnam, the leaders of Vietnam are now experiencing problems. Those who are tired of war and who are sincere about wanting to develop the country will probably begin to play a greater role. This should be monitored. Trade could be stepped up. We have made good advances in Laos. Thailand and Laos are brothers. When all is said and done, Laos cannot move too far away from Thailand. This is because Thailand is the country that can help Laos the most. There isn't any need to think about political systems. It's like our relationship with China.

Our objective should be to establish friendly relations with all countries without regard to which camp they belong. Both the Soviet Union and Vietnam realize that waging war abroad just leads to losses. Thus, Gorbachev has announced that he is looking for a way to bring about peace and get out of Afganistan and Cambodia.

We should take steps to improve relations with the East European countries and even North Korea. We should associate with every country as long as it does not pose a threat to us. North Korea would like to establish relations with countries in this region. They want to open an embassy in Thailand. They should be given a chance. They would not forget that kindness. Attention should also be given to Africa and Latin America. There are reports that the prime minister will visit Africa during the middle of the year. This is a very important step.

Recently, the ministries of foreign affairs and commerce have worked together and achieved outstanding results on the diplomatic and trade fronts. They have coordinated things well. Now, they must monitor things closely. Otherwise, their efforts will have been wasted.

It is not too late for Thailand to launch an offensive on the trade and diplomatic fronts. Even though we are starting 20-30 years later than Taiwan, Hong Kong, Singapore, and South Korea, the present situation in the world is very favorable. This will show how skillful we are.

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CSO: 4207/114

DEPUTY FINANCE MINISTER ON PRIORITIES, ISSUES

Bangkok DAILY NEWS in Thai 30 Dec 86 p 3

[Interview with Dr Suphachai Phanitphak, the deputy minister of finance; date and place not specified]

[Text] Suphachai Phanitphak is a person who is "gentle on the outside but tough inside." Even though he has been involved in formulating financial and monetary policy prior to this, since joining the economic team of the Prem 5 administration, he has played a major role in the policy discussions. He is one of the "young turk" ministers who is playing a very important role. As a person who is responsible for controlling economic policy (certain aspects), as a politician (in the Democrat camp), and as a scholar (a liberal), his views will probably have a strong influence on the shape of economic policy in the short term. A DAILY NEWS economic news team interviewed him on a variety of topics.

[Question] As the person who is responsible for supervising the country's economic policy, do you think that 1987 will be a better year economically?

[Answer] As for the general economic picture in 1987, there are several factors that are leading the economy in a new direction. The main variables are the rate of economic growth, the inflation rate, and the balance of trade. These indicators are now very good. A 5-percent economic growth rate is very high. Inflation is only 2-2.5 percent. This shows that we have economic stability. Few countries in this region have figures that match ours. Only Japan and Taiwan have better figures. Besides this, oil prices have declined greatly. This has helped reduce the country's deficit. This has saved us 20-30 billion baht. The value of the Japanese yen has increased 34 percent, and this has greatly reduced our deficit with Japan. As far as basic economic problems that concern the value of the baht or exchange rate are concerned, I don't foresee any serious problems in 1987. We will probably have to adjust our structure to keep up with the situation in which agricultural production is changing. We can no longer continue to sell unprocessed goods. We have to have industries. Thus, we must quickly devote more of our resources to this. But this does not mean that we will become an industrial country. But we have to invest more in the non-agricultural sectors, in processed agricultural goods.

There must be clear policies that provide continuity. Those in the canned food industry, for example, must look to the plants that produce rolled steel. Modern science and technology must be used to help find ways to store food for long periods.

Clearly, the export of industrial goods is a thriving business today. Exports of textiles, leather goods, artificial flowers, shoes, gem stones, canned food, and even electronic goods, televisions, and radios are thriving. Frozen goods should do well, too. Because the yen is appreciating in value. We are on the right path. But what we have to do is give more attention to labor-intensive industries that use domestic raw materials. There must be consistency and continuity.

[Question] On what should the government focus investments so that investments are in line with this?

[Answer] Our agricultural sector is now very depressed. Take rice, for example. What should the government do? We know what the problem is. But we can't force people to reduce the area cultivated in rice. The incomes of the farmers are very low. We have to find a way to raise the incomes of the farmers. This is based on the economic theory that states that when the economy begins to improve, the last one to benefit will be the government. The government benefits from an improved economy. But during an economic recession, the government has to shoulder the burden, because it is best able to withstand economic downturns for long periods. Thus, in 1987, it will definitely be necessary to adjust the government's financial and monetary policies. Actually, some of the tax measures have already been revised. But that involved only short-term measures. No laws were promulgated. However, when we revise the structure of trade tariffs and begin imposing a value-added tax, laws will have to be promulgated. We plan to finish revising trade tariffs in 1987 and begin using the new system in 1988. As for the value-added tax, we probably won't be able to do everything. We will have to proceed gradually. In preparation for 1988, 1987 will be a year of making changes. Besides the structure of trade tariffs, the taxes collected by the Customs Department must be revised, too. We have to lower those taxes that push up our production costs unnecessarily. The protected domestic industry import tax must be reviewed to see if this protection is worthwhile. Because if producers are protected, it is the consumers who will suffer by having to pay higher prices. This is something that will have to be reviewed.

[Question] Many people say that the state enterprises pose a major problem and that they are a financial drain on the government.

[Answer] This is a worrisome matter. Resolute action must be taken to transform the state enterprises. Many of the activities of the state enterprises cannot be touched. In particular, the government must support those that are involved in providing public services. It must allot funds to compensate them for their losses. This is because we want public service costs to remain low. As for those state enterprises that were established 10 years ago to serve as an example, the private sector has become more and more involved in similar activities and so it is no longer necessary for these state enterprises to continue operating. We have to figure out what to do. We

have to review things. If these are no longer needed, we should sell them. The Ministry of Finance, for example, has already sold two enterprises, the Northeast Jute Mill and the Chonburi Sugar Mill. I am sure that more state enterprises will have to be sold. Besides this, the government took over certain state enterprises because of the problems that they were experiencing. But if they are of no real use to the government, it should consider selling them to the private sector. I think that this is urgent. But we must be careful to ensure that the transformation of a state enterprise does not cause problems for people in general. Take the Pang Pa-in Paper Mill, for example. An agreement has been reached with the buyer on the issue of compensating the workers and causing as small an effect as possible. Also, the debts outstanding among the state enterprises must be paid. Money may be allocated in order to settle the accounts. After all the problems have been solved, they can begin with a clean slate.

[Question] Economic policy will probably continue to focus on maintaining the stability of the system. But will greater emphasis be given to expansion?

[Answer] It's likely that more emphasis will be placed on economic expansion than on stability. Because we already have sufficient stability. During the past 4-5 years, the emphasis has been on maintaining the stability of the economic system. There was a change in the rate of exchange (devaluation of the baht), the government's expenditure budget was revised, and taxes were raised. But 10 years ago, the emphasis was all on economic growth. That came to a halt because of the increase in crude oil prices in 1973. The first three development plans all emphasized stimulating the economy and building an infrastructure. But this changed during the period of the fourth and fifth plans, which began emphasizing the quality of people, employment, and the stability of the economic system. But the Sixth Development Plan stresses the importance of changing the structure of the economy. It focuses on the state enterprises and on promoting investments, developing Thailand's markets, and improving administration within the bureaucracy. But even though we will support economic growth, we will not do things like before. In the past, it was the government that poured in money to expand the economy. Now, we want the private sector to play a much greater role. The private sector has the organization and is more efficient in the use of capital. But we have to set directions to ensure that the private sector uses its money properly. The money can't be used just to build hotels, trade centers, nightclubs, and bars, which doesn't benefit the economy in general.

[Question] In 1987, what will be the cornerstones in the public sector?

[Answer] First, emphasis will probably be placed on large-scale projects such as the Laem Chabang deep-water port, the Laem Chabang industrial park, and industrial export zones.

Second, we will put great emphasis on tourism. Tourism is earning the country more than 36 billion baht a year, which is more than we earn from selling rice or anything else. However, only 200 million baht has been budgeted for promoting tourism. This will be used to improve electricity, roads, traffic,

and airports. We should earn about 40 billion from tourism in 1987. What is important is that this brings in foreign currency. Not only does this help the economy, but it has a positive effect on employment.

Third, we will focus on laying a foundation for a long-term financial structure. One objective is to mobilize more capital through the securities markets. We want to attract foreign capital. For example, we have established the Thailand Fund and Bangkok Fund. We will make changes to encourage people to invest in the capital markets or securities markets. This includes encouraging investors from Japan, Korea, and Taiwan to invest here. Their production costs are high and so they will have to rely on us as a production source, as a place where they can build plants. We have established an investment-promotion committee to handle this.

Fourth, attention will be given to selling state enterprises or having the private sector play a greater role in state enterprise activities. We may sell shares on the securities market or take some other action. This needs to be discussed.

[Question] Some people are afraid that the government's monetary and financial situation will grow worse in 1987 and that taxes will be raised to increase revenues.

[Answer] As for monetary policy, we have to maintain a balance between two things. First, we have to restructure the tax structure to lower those taxes that are linked to production. On the other hand, we have to find revenues to make up for those lost in this restructuring. Some people call for lowering taxes, but they don't stop to consider where revenues will come from. We can't do that. We are giving much attention to lowering taxes. We have to determine what can be done to compensate for the revenues that the government will lose if taxes are lowered. Today, we are refinancing loans. As for our foreign debt, we have refinanced \$700 million [illegible], which has reduced our burden approximately 500 million baht. And we are doing other things besides changing the foreign debt structure. We have to spread the debt payments to ensure that the burden does not become too heavy at one particular time. As far as taxes or revenues are concerned, our plan is to try and draw people who have never paid taxes into the system. How much revenues will increase is not the important thing. We want to get the names of as many people as possible into the computer at the Revenue Department. This will increase discipline. Some companies have reported losses for 5-6 years and in some cases 7-8 years in a row. That is not right. Because if the companies are broke, how can they continue to operate? We want them to keep correct records.

[Question] What will be done to solve the problems of the financial institutions?

[Answer] People are probably tired of hearing about this. As for the weakness of our financial institutions, I would like to see them take a firm position and release data. We should not conceal the facts. The economy is improving and so the problems should decline. Quick action must be taken to solve the debt or credit problems. They must increase their capital or reduce their debts. If they can't do this on their own, they will have to draw in others.

They must increase capitalization by issuing more shares. They can't keep things to themselves as in the past. If they don't take action on their own, I think that officials can compel them to. Because this is the only way to solve this problem.

Biography

He was just 40 years old when he was appointed deputy minister of finance. This is a special case, because he resigned his position as director of the Department of Financial Institution Supervision and Examination, Bank of Thailand, just 3 months before becoming a candidate for election as a member of the Democrat Party in the Bang Kapi-Minburi-Nong Chok constituency. After the election, he was appointed minister.

"There are only a few people who are qualified in terms of knowledge, ability, nationality, and political vision." This is what was said about Mr Suphachai Phanitphak. Even if he does not stay in politics during the remaining 20 years of his work life, it is very likely that he will be involved in important financial and monetary matters and take part in controlling the country's economic policy during the next 10 years. He once said that he is not "playing politics" but is trying to "carry out certain tasks" that he considers necessary for a person who served as the "hands and feet" of the politicians who controlled economic policy for the past 10 years and who are responsible for all the problems. As for whether or not he can succeed, we will have to keep an eye on this new star in today's political circles.

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CSO: 4207/114

THAILAND

MP WANTS MORE FOREIGN POLICY, TRADE ISSUES INPUT

Bangkok LAENG KHAO in Thai 24-30 Dec 86 pp 30-32

[Interview with Dr Phiraphan Phalusuk, a Democrat MP from Yasothon, the deputy secretary general of the Democrat Party, and the spokesman for the Foreign Affairs Subcommittee: "General Views on Thai-Lao Trade"; date and place not specified]

[Text] [Question] Would you talk about trade issues and give us your general views on Thai-Lao trade?

[Answer] I was a member of the Foreign Affairs Subcommittee before parliament was dissolved. And now, I have been reappointed to this subcommittee. As for foreign policy matters, we are trying to have the House of Representatives, the legislative branch, play a greater role in foreign affairs. Frankly, in the past the legislative branch was rather weak when it came to foreign affairs. That is, we lacked data and did not monitor matters. Thus, when problems arose, we usually allowed the administrative branch to handle matters. And that tended to be the case whenever a problem arose regardless of whether it was a foreign affairs issue or some other issue. That was a general weakness of our legislature. We lacked a mechanism. We lacked data and other things necessary to form opinions or carry out the task of supervising the government. Now, since Mr Bunchu became the chairman of the subcommittee, he has tried to improve the subcommittee. We have regular officials who are responsible for feeding data to the subcommittee. Office space has been requested, and parliament has made offices available. This is a good beginning. As far as foreign policy is concerned, in the past, political issues were usually the leading issues. Stated simply, security issues were considered to be the main issues. But the world situation has changed, and many countries now consider the economic and trade issues to be the leading issues. Politics is considered to be secondary in the interests of the country, that is, to benefit economically. They want the economy to provide help. Politics does not lead economics. We are trying to foster this policy line, too. This year, we are trying to stress economic issues, that is, economic policy is paramount. This is the role of the present subcommittee. The subcommittee has tried to play a role concerning trade matters and the problems that have arisen with the United States. There has been a great deal of contact between members of the two legislatures. Many members of the U.S. House of Representatives have visited Thailand recently. They usually ask to

me with Thai MPs. In the past, congressmen rarely visited Thailand, and they were frequently blocked. But recently, they have asked to come, and we have tried to foster relations with these people. This is because recently, we have not had much success in solving the problems. The administration does not understand that abroad, the real center of power is the Congress. Things are different from in Thailand. If you want to discuss some issue with them, you have to meet with their politicians. You can't discuss the matter just with a secretary or under secretary. Take the Farm Act, for example. The American congressmen who have visited Thailand know very little about Thailand. But they were the ones who promulgated this law. They don't know how this law affects Thailand. This is our weakness. When they meet with us, they obtain data from us and from parliament. Basically, American congressmen and Thai MPs are the same. That is, we are elected officials who are concerned mainly with protecting the interests of our constituents. We can have more contact with them.

As for the Indochina problem, as has been frequently stated, this is a fundamental problem that concerns our security. Today, just like last year, the Foreign Affairs Subcommittee is trying to discuss the issue of trading with Indochina. These countries are neighbors of ours. We have closed the country and refuse to have any dealings with these countries. The government cites the security problems, saying that if we open more checkpoints and increase trade, this will give those countries a chance to infiltrate our country. Another point that is frequently cited is that even if want to trade with them, actually, these countries all have financial problems. That is, they lack foreign currency and so the volume of trade would be fairly small. But based on the data that I have seen, I don't think that the volume of trade would be that small. For example in 1984, the three Indochina countries imported goods worth a total of more than 18 million baht. I don't call that a small amount. The Foreign Affairs Subcommittee has discussed this. The present subcommittee is trying to find a way to get the government to increase trade with the Indochina countries starting with Laos. Of these three countries, Laos is the country with which we have the fewest problems.

[Question] How successful do you think the subcommittee will be in getting the government to change its policy on this issue?

[Answer] At present, we are trying to play a greater role. The legislative branch must try to compete against the government on foreign affairs issues. We must compete for a greater role. Thus, we may go to meet with Lao officials. We will visit ASEAN countries and talk with the MPs in these countries in order to promote the idea of establishing an ASEAN common market. By engaging in such activities, we think that we can exert pressure on the government to change its policy. In many countries, if parliament is strong, which is the trend in ASEAN, it can exert pressure on the government to make policy changes.

[Question] Some people have recommended reducing the number of restricted goods, or strategic goods. Do you think that this will be approved by the National Security Council [NSC]?

[Answer] The government recently sent a delegation, and one of the members of this delegation was Mr Arun Phanphong, an advisor to the prime minister. It has been said that the number of strategic goods will be reduced from 273 to about 50 or 60. I think that the NSC will approve this. Actually, there is no need to restrict the sale of many of those items.

[Question] What should be the form of bilateral trade? That is, should we engage in trading or bartering? If, for example, we lack foreign currency, how should trade be conducted?

[Answer] I think that we could engage in bartering. We know that Laos has many natural resources. The Japanese have excellent data on this. They know what Laos has. Laos has many items that they can exchange for our goods.

[Question] Will this lead to controlling the smuggling of goods into Laos? In your view, what form will Thai-Lao trade take?

[Answer] On the Lao side, it will probably be the government that is involved. But on our side, the private sector will probably play a role. Allowing the government to control everything would just cause problems. I think that the local business units, particular those in the northeast, which used to engage in trade with Laos, know how to carry on trade activities. The private sector should play a role in this along with the government. Usually, it is large companies in Bangkok. There are arguments in the localities, too. The provincial and municipal councils argue about whether or not we should open up trade.

[Question] Another problem that needs to be discussed is the problem of protecting the interests of the local people, that is, the small merchants. What do you think should be done to protect the small merchants and prevent financiers from Bangkok from gaining a monopoly on trade with Laos?

[Answer] This is an important issue. The government should formulate a clear policy on this in order to help the localities, particularly localities in the northeast, so that their economies improve. If nothing is done, this will develop into trade between Bangkok and Laos, with the localities benefiting very little. And that is not why we want to open up trade.

[Question] In opening up trade, what is the real problem today? Opening additional trading checkpoints is not the real problem. Checkpoints could be opened immediately.

[Answer] Negotiations are underway today. I think that there will be increased trade. Those who are responsible for security are still concerned. The Foreign Security Subcommittee once obtained data showing that the other side wanted to open points in order to infiltrate our country. There are still many powerful people in the government who believe that this is still the case. We must separate these things. Trade is trade, politics is politics, and ideology is

ideology. We should keep things separate and distinguish among those with different duties. If we lump the issues together, we won't be able to do anything.

We should have promotional measures and measures to control things. We can make checks to ensure that they stick to trade and do not start spreading their ideology. These are separate issues. If the United States was so afraid of this, how could it trade with the Soviet Union?

[Question] From what you have said, the legislative branch is responsible for supervising the administrative branch. This is like a slogan. In particular, the military is under the supervision of parliament. People have been asked to come explain matters. What has been the result?

[Answer] In the past, they were concerned about security. They always raised the security issue. They liked to provide data showing that trade with Indochina, or Laos, would not amount to very much. They said that if we opened trade, this would just create security problems. But recently, many people have come to support the idea of opening trade. In my view, if we expand trade with Laos, this will reduce tensions with Laos. Only the apparatus will remain. As Gen Kriangsak once told the subcommittee during the period that he served as chairman, we should give peace a chance. Why should we try to confront them? In the past, if Laos needed something, we sent it to them and vice versa. This is a matter of trade, not ideology. The two must be kept separate. Those who are concerned about security have to understand the apparatus of the communist-bloc countries. They have to understand their system. What is important is that many countries with different systems have contact with each other. Thailand, for example, has dealings with China on a government-to-government basis. Party matters are not involved. These things must be kept separate. It is the governments that decide how to carry on trade. We know that these communist countries have an international communist system among parties. They support each other. That is another matter. Things must be kept separate. We have to know how to deal with this problem. If we don't keep these issues separate, we will worry about their trying to infiltrate us when they send goods.

Besides the security problem, another problem that they cite is the problem of tax evasion. Large quantities of goods are smuggled across the border. In the past, people turned a blind eye to this. We know that people are engaged in trading activities along the border. The local people engage in trading activities. People on the Lao side need goods. When we closed the border, this just opened up greater opportunities for the smugglers. The same was true when we increased the number of strategic goods. That just opened up greater opportunities for smuggling. When a bill to expand the border trading control area was submitted in parliament, we said that this would just make things more difficult for the people who live near the border. A second problem concerns those who are responsible for controlling the trading activities of the people. Because we know that a demand exists, I think that we should allow legal trade. We could control this more easily, and the government would profit. The government would earn tax revenues, and the people would profit, too. The problems cited are an indication of the inefficiency of the government sectors responsible for maintaining control. They have informed us

about what steps have been taken to control smuggling. But in view of the actual situation, I don't know how they can recommend not opening trade. We feel that trade should be opened. They disagree. But if trade is not opened, what measures do they have for maintaining control? They say that they can control smuggling. They say that they have set up checkpoints and that they are maintaining strict control. But clearly, the more controls that are implemented, the more the people in the control areas suffer. At the same time, a great concern of ours is that powerful officials who are responsible for controlling these areas will engage in smuggling activities themselves. This could become a problem. That is, by implementing greater controls, this group has even more opportunities to engage in smuggling activities and monopolize trade.

[Question] Is it possible that certain countries that are trade competitors of Thailand don't want to see Thailand expand trade with Laos and are carrying on activities here to this end?

[Answer] I have observed that whenever we show signs of improving trade relations with these countries, the leaders of Singapore always come to Thailand. Politically, Singapore wants us to have a confrontation with Vietnam. They feel that they will be safe if they have Thailand to serve as a buffer. They always cite the security and military problems. But while we are confronting these countries, Singapore benefits on the trade front. The last time that I attended a council union conference in Argentina, I talked with two Vietnamese representatives. They mentioned this problem, too. They told me that Vietnam would like to trade with Thailand. They know that many of the goods imported into Vietnam today are goods that were produced in Thailand. Vietnam needs agricultural goods. They asked why we forced them to purchase Thai goods from Singapore. They asked why we didn't sell them the goods directly. Something worth thinking about is that there are probably many people who are profiting from this and so they don't want us to sell directly. As things are today, certain people have a monopoly. Large merchants purchase goods and sell them to Singapore. In turn, Singapore sells the goods to Vietnam. But the local people can't engage in this trade. The figures on Singapore's trade with Indochina are similar to those for Japan and Malaysia. There aren't any recent figures on imports into Indochina from Singapore. But the 1984 figures on imports from these three countries show that imports totaled 18 billion baht. I once looked at the agricultural goods imported by Laos. These are all goods that they want to import from us. But we closed the border. This forced them to obtain goods from Vietnam even though Vietnam can't support itself and has to obtain help from abroad. Laos mentioned the subcommittee.... I think that we should trade with them. We have to understand. Every country, regardless of its ideology, separates trade from other issues. Trade is trade. You aren't selling ideology. People must understand this. The same is true in the case of politics. When we have relations with Indochina, we must understand their position. That is, there must be relations at the government level. But the communist party is another matter. We have to know what to do.

Take the Vietnamese and Indochina problems, for example. If we are afraid that the Vietnamese and Lao problems will affect the Communist Party of Thailand, we should discuss this to see what can be done to solve the problems. We

don't have to talk with the Lao or Vietnamese communist parties directly. We can talk to the parties, such as the Soviet party, that have influence over these two parties. We can talk to them about these party matters. But at the government level, we should talk about economic matters. I think that things will become very confused if we don't separate these issues. And we won't dare expand relations with these countries. As for political relations, we have details. They can do something. At present, the subcommittee will discuss trade and economic issues first. Political issues can be discussed at a later time. Besides Laos, the subcommittee must also consider trade problems with Japan and the United States. There are also political problems. That is, there is still political interference from the great powers. We will focus on the problems with Indochina, ASEAN, and the great powers. As for our relations with the great powers, we will consider what position we should take in order to benefit the country.

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CSO: 4207/116

ECONOMIC IMPACT OF KHAO I DANG CLOSING VIEWED

Bangkok DAILY NEWS in Thai 10 Jan 87 p 6

[Unattributed report: "Impact of Closure of Khao I Dang Center: Recession and Unemployment"]

[Text] UN and Thai government officials ordered the Khao I Dang refugee center in Taphaya District, Prachinburi Province, closed effective 31 December 1986. An official told reporters that as a result of this, drivers and employees in other sections have lost their jobs. This is because certain units of aid organizations have been disbanded. These Cambodians helped bring foreign currency into Thailand. The Cambodians carried on trading activities with relatives living in other countries such as the United States, Australia, France, Canada, and Switzerland. Most of the Cambodians at the Khao I Dang camp were Cambodians of Chinese extraction. Many refugees who had gone to live in other countries sent money to relatives living at the Khao I Dang camp. At the same time, Cambodian merchants at the camp sent Thai goods to relatives and friends living abroad who wanted Thai goods. Such goods included ready-made clothing for children and adults, jeans, and ornaments made in the camp. Large quantities of such goods were exported. This brought huge sums of foreign currency into the country, with the amount reaching at least 40,000 baht per week. Also, large numbers of aerograms and boxes for packing goods were sold, with this money going to the Post and Telegraph Department. When legal trading activities were carried on, the Cambodian refugees at the Khao I Dang center had the purchasing power to buy daily necessities and send them abroad. As a result, merchants at the Aranyaprathet District market in Prachinburi Province were able to sell large quantities of goods and make money.

As a result of the closure of this camp, there has been a sharp drop in revenues. This is because if each of the more than 20,000 Cambodians spent just 1 baht per day, the Thai living along the border would earn 20,000 baht a day. Refugees abroad have been remitting money here for many years, with the result that much money has been in circulation here. But outsiders overlook these things. Looking at this more closely, it can be seen that the government will lose much money. Merchants and employees will lose money, too.

At least 40,000 baht a week flowed into the country. You can calculate how much that was per year. And think how many aerograms and boxes were sold each

day. These things earned hundreds of thousands of baht per year. In particular, the post and telegraph office in Aranyaprathet District earned huge sums. If you want to know exactly how much was remitted to Prachinburi Province from abroad, you can obtain the figures from the Central Post Office, which checked the postal money orders. No one else can answer than question. These are the effects that the closure of the Khao I Dang center has had on Thailand. That refugee center in Taphaya District, Prachinburi Province, was a border economic center that brought hundreds of thousands of baht into the country each year.

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CSO: 4207/115

PARALLELS NOTED IN PHICHIT, SUNTHON CAREERS

Bangkok LAK THAI in Thai 15 Jan 87 pp 15, 16

[Unattributed report: "Phichit-Sunthon, Who Is the Real Heir to the Position of RTA CINC?"]

[Text] The fact that Gen Phichit Kunlawanit, or Big Sua, and Gen Sunthon Khongsomphong, or Big George, were promoted to general at the same time and made assistant RTA CINC has generated much talk about these two men. In particular, there is much speculation about which of these two officers will become RTA CINC after Gen Chawalit Yongchaiyut, or Big Chiu.

Gen Chawalit has said that he will retire from the military in September 1988 at the age of 55. Those who have been speculating about who will be the next RTA CINC wonder what will happen to Gen Sunthon if Gen Phichit is appointed RTA CINC. Or conversely, to what position will Gen Phichit be appointed if Gen Sunthon is appointed RTA CINC?

"Looking at the positions of first or second assistant RTA CINC doesn't tell us anything, because the division of responsibilities is quite normal. That is, as the first assistant RTA CINC, Big Sua is responsible for personnel matters and the development of the Border Defense Village Program. As the second assistant RTA CINC, Big George is responsible for administrative matters, which includes logistics," said an army news source to LAK THAI.

Perhaps comparing their army careers, particularly the positions that they have held, will help provide an answer. At least, this will be an answer based on the facts, on what "should be" based on seniority, and on what is proper based on army regulations and customs.

Gen Phichit Kunlawant, or Big Sua, was born on 6 July 1932. He will retire in September 1992. Gen Sunthon Khongsomphong, or Big George, was born on 1 August 1931 and will retire in September 1991, 1 year before Gen Phichit.

Gen Phichit, a member of CRMA [Chulachomklao Royal Military Academy] Class 2, entered CRMA after Gen Sunthon. But both took the infantry course. And because he scored highest on the examination, after only 3 years at CRMA, Gen Phichit

was selected to attend West Point in the United States. As a result, he began his actual army career 4 years later than Gen Sunthon. He was made a sublieutenant in 1960. By that time, Gen Sunthon was already a captain.

As for important military positions held by these two officers, Gen Phichit served as a staff officer with the Office of the Army Secretary (1962), acting chief of the operations section, Special Warfare Center (1967), commander of the 4th Regimental Combat Team (1977), and deputy commander of the 4th Division (1980). After the 1-3 April 1981 rebellion, when Maj Gen Suchin Arayakun, the commander of the 1st King's Guard Division was transferred to Army Headquarters, then Col Phichit was promoted to major general and appointed commander of this division in his place.

Gen Sunthon served as an aide to the commander of the 2d Military Circle (1957), the chief of the personnel section, 1st King's Guard Division (1968), and the chief of staff of the Special Warfare Center (1974). He was promoted to major general and appointed commander of the Army Aviation Center in October 1981.

The two officers were promoted to major general the same year, although Gen Phichit was promoted to major general 6 months before Gen Sunthon. During the September 1983 military reshuffle, Gen Phichit was appointed deputy commander of the 1st Army Region and acting commander of the 1st King's Guard Division. Gen Sunthon was appointed to the single position of deputy commander of the Special Warfare Command. As a result, many people felt that Gen Phichit would definitely be appointed RTA CINC in the future.

"It's difficult to compare these two officers in terms of either their political or military roles. Big Sua has played a very conspicuous role, even if he earned a somewhat negative image at times. Big George, on the other hand, is a "country" officer from a newly created unit. Both men were promoted to lieutenant general in September 1984. Big Sua was appointed 1st Army Region commander, and Big George was made commander of the Special Warfare Command. That is when people began hearing about Big George," said the same news source to LAK THAI.

After the events of 9 September 1985, the role played by Gen Phichit declined. In particular, he did not take part in the movement to secure a second extension for Gen Athit Kamlangek, the former RTA CINC and supreme commander, which resulted in Gen Athit being dismissed from his position as RTA CINC on 27 May 1986. At the same time, Gen Sunthon began playing a much more conspicuous role. People considered him to be the "power base" of Gen Prem Tinsulanon, the prime minister, and Gen Chawalit Yongchaiyut. As a result, the view that Gen Phichit would shoot to the top like Gen Athit, who rose from deputy 2d Army Region commander to 1st Army Region commander and then assistant RTA CINC in just 1 year, quickly faded.

After Gen Chawalit was appointed RTA CINC, the position of Gen Sunthon became even stronger, as did that of other members of CRMA Class 1 such as Gen Wanchai Ruangtrakun, the army chief of staff, and Lt Gen Charuai Wongsayan, the deputy army chief of staff. And so today, the question that many people are asking is, which of these two men, Gen Phichit or Gen Sunthon, is the real heir to the position of RTA CINC?

When Gen Phisit Mobut, the deputy RTA CINC, retires this September, the man appointed to replace him as deputy RTA CINC will be the real heir to the position of RTA CINC. "In terms of seniority and suitability, Big Sua and Big George are about evenly matched. Big Sua has the advantage of being a person from the command stream who has always been in command of forces. Big George really entered the command stream only when he became commander of the Special Warfare Command. But as a fellow classmate of Big Chiu (CRMA Class 1), Big George has a great advantage," said the news source.

Thus, Gen Sunthon's chances of becoming the next RTA CINC after Gen Chawalit look quite good, unless something unforeseen happens to change this. But this seems unlikely, because the factors necessary for such an event are absent today.

Biography of Gen Sunthon Khongsomphong, the Assistant RTA CINC

1. Born on 1 August 1931.
2. Married to Col Arachon Khongsomphong.
3. Children: two sons.
4. Present address: Quarters at the 1st King's Guard Infantry Division, Bangkok Metropolitan.
5. General education: Completed Grade 12 at the Suan Kulap Withayalai School in 1948.
6. Military education:

CRMA: 1963 [as published]

Army Command and General Staff College, Class 41: 1963 [as published]

Infantry Center School, company-grade officers, Class 14: 1954

Infantry Center School, company-grade officers, Class 14: 1957 [as published]

Infantry Center School, field-grade officers, Class 9: 1961

Flight School, beginning, Class 13: 1973

Flight School, advanced, Class 13: 1973

7. Military positions:

Attached to Central Section, Infantry Regiment: 1954

Aide to the commander of the 2d Military Circle: 1957

Instructor at the Army Command and General Staff college: 1966

Chief of the Personnel Section, 1st King's Guard Division: 1968

Chief of staff of the Special Warfare Center: 1974

Commander of the Army Aviation Center: 1981

Deputy commander of the Special Warfare Command: 1983

Commander of the Special Warfare Command: 1984

8. War service:

Korea: 21 June 1955 to 10 July 1956

Vietnam: 5 May 1969 to 26 July 1970

9. Decorations:

Prathamaphon Mongkut Thai: 1983

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THAILAND

PRASONG COMMENTS ON GOVERNMENT ROLE, POLITICAL FUTURE

Bangkok MATICHON SUT SAPDA in Thai 18 Jan 87 pp 26, 27

[Interview with Squadron Leader Prasong Sunsiri, the secretary general of the prime minister; date and place not specified]

[Text] [Question] Why did you resign your position as a regular government official to take this political position?

[Answer] Even though I have stepped down as secretary general of the National Security Council [NSC], a bureaucratic position, and become the secretary general of the prime minister, a political position, I still have the same boss, that is, the prime minister. Thus, while I have changed jobs, I have not changed bosses.

I talked with the prime minister just 3-4 days before he formed his new government. If you ask me why I decided to take this job, the only answer I can give you is that I am satisfied with this and am happy to carry out the duties of this job.

[Question] What are the duties of the secretary general of the prime minister?

[Answer] I help monitor the work of officials in the Office of the Secretary General of the Prime Minister to ensure that they carry out the tasks assigned them. I have received good cooperation from all the officials serving under me. Besides this, I have too help the prime minister with some of his work. I receive my orders from him. I also give advice on various matters as I deem appropriate in my position as a member of the prime minister's staff.

[Question] In the future, after you leave this position, do you plan to enter politics? For example, do you plan to join a political party and run for parliament?

[Answer] Even though I now hold a political position, I consider myself to be just a "political" government official whose job is to carry out the tasks assigned me. I think that the work of a political government official is quite similar to that of a regular government official. The only difference is that

regular government officials do not become involved in political matters. Thus, only the type of work that I do has changed. That is, I am now more involved with political matters.

I always remember that I am still a government official just like before. That is, I must do things properly in accord with the regulations and laws applicable to government officials. Most importantly, I must maintain work discipline.

I don't think that I can become a politician. Because when it rains, I know where the water comes from and what caused it to rain. But when politicians cry, no one knows from where their tears come. I am not criticizing politicians. All I am saying is that I am not a very good actor. And so how could I pretend to be a politician?

[Question] What was the purpose in establishing the Committee to Coordinate Activities Based on Government Policy?

[Answer] The main reason why the prime minister issued an order establishing this committee was to have it coordinate the activities of the ministries, bureaus, and departments and ensure that things are carried out based on the political, socio-economic, and national defense policies formulated by the government.

I think that it's good that the under secretaries of the ministries, other officials of equivalent rank, the chiefs of staff of the armed services, and the director-general of the Police Department have a chance to meet with each other to discuss ways to solve the various problems and help the government's policies achieve results. In Thailand today, if everyone works together and coordinates things well, the budget funds received by each unit will be well spent and benefit the people, the real owners of this money.

Besides coordinating things, this committee is also responsible for monitoring and evaluating various programs and determining whether the money allotted by the government was well spent.

In the past, there was little coordination. That is, every unit carried out things in isolation from other units even though many of the programs concerned several of the ministries simultaneously. Having these people serve together on the same committee will help bring about better understanding and reduce conflicts when carrying out the tasks.

This committee does not formulate policy. It coordinates the activities based on the policies formulated by the government. Thus, its duties are well defined and understood by the under secretaries who serve on the committee.

[Question] How do you feel about the fact that newspapers have portrayed you and the RTA CINC as the representatives of separate power centers?

[Answer] I know the RTA CINC very well and have worked closely with him for a long time. Each of us will do what is right and work hard to benefit the country based on the tasks assigned us. In carrying out my duties, I am never

afraid or hesitant as long as I know that I am acting properly. In saying this, I don't mean to build myself up or threaten others. Those who are infatuated with power like to bully others. Actually, they are weak and more fearful than courageous. They worry that something will affect their position. They worry about losing power. They worry that someone will oppose them or that people will not respect them like before. They are weak, because they lack self-confidence.

There were such people in the past, and there are such people today. They are people who can't seem to find themselves. They used to hold important positions and think that they should still be treated like that. Some of the dangers that confront us today derive from these people.

Thus, in response to your question concerning how I feel about the press portraying me as the representative of a power center, that doesn't bother me, because I know myself. I know who I am, where I came from, and what I am doing. But some of the newspapers have portrayed me as a rival of the RTA CINC. In my view, this is an attempt by fearful and weak people to use the press to confuse readers and make them think that the two of us are trying to scramble ahead of each other. Those who are doing this are doing so for some reason of their own. But I don't think that they will succeed.

[Question] What is the government's political image like in 1987?

[Answer] I have frequently said that politics involves an attempt to gain power. Stated simply, it involves gaining power in order to form a government to administer the country. Today, the struggle for political power in our country is being waged according to the constitution. That is, the struggle is being waged through the parliamentary system. Unlike in the past, no one is using armed force in an attempt to seize power. That is not as easy as it once was.

In a democracy, it is normal to exchange views and argue about things. Sometimes, there are arguments between those in the government and those outside the government. It's only natural that those outside the government, whom we refer to as the opposition, will try to find the government's weaknesses in order to put pressure on the government for their own benefit. Put simply, they want to attack the government so that the people will turn against the government. Or they want to hold a no-confidence debate so that the government will collapse and they will have a chance to form a government.

As for politics in 1986, based on what I observed, people continued to make criticisms in an effort to put pressure on the government in parliament. These criticisms were made in an effort to put psychological pressure on the pro-government parties and to destroy the people's confidence in the government. This is clear from the fact that rumors were spread about various matters. But these efforts all failed even though those behind this sometimes twisted the facts and lied to the people.

The present prime minister is an honest person who is resolved to solve the country's problems. He is also intent on creating a truly democratic system. He knows how to compromise and gives people a chance to express their political views. The important thing is that politicians, scholars, and the people still have confidence in him. Besides this, because the economy improved, last year there were few movements of the type that use violence and mass force to put pressure on the government.

As for 1987, I think that the situation will be about the same as last year. That is, I don't foresee any violence. Even though criticisms will be made in an attempt to put pressure on the government in parliament in the form of no-confidence debates, those behind this will not achieve their objective. I think that these people will continue to use the economic problems, particularly the price of agricultural crops, as factors. But with the policies and measures implemented by the government, I am sure that we will be able to solve these problems.

[Question] How does the United States view the present situation in Southeast Asia, particularly in Thailand? The United States now attaches less importance to Thailand as a frontline country in the struggle against the communists, isn't that right?

[Answer] I think that the United States still attaches just as much importance to this region as it did in the past. The United States still has political, economic, and defense interests here. It wants to prevent other powers, particularly the Soviet Union, which has expanded greatly during the past 4-5 years, from replacing it here.

The U.S. military role in this region has declined. That is, it is no longer the "policeman" who is defending people against "bad characters." Because of this, some people feel that the United States no longer attaches as much importance to this region. They feel that the United States has abandoned this region. But actually, the United States is still carrying on activities to help its allies in this region increase their defense capabilities. The only difference is that it now stresses cooperation and provides help to enable the small countries here to defend themselves. This is in accord with the objectives of these countries.

As for the United States having problems with Thailand and other countries on certain issues, such as the textile protectionist issue and the issue of agricultural goods, I think that these are just specific problems that stem from the fact that Americans, too, are experiencing problems in earning a living. It's the same as in Thailand, where the government must take steps to solve the problems of the people regardless of whether they are merchants or farmers. I don't think that the United States is trying to "pick on" Thailand in particular. We should look at relations in general. That is, we should see what our overall relationship with the United States is like. Looking at just certain issues or problems does not give a clear picture. The same thing is true in the case of other great powers. We must see what our overall relationship with them is like and how we benefit from those countries.

The U.S. trade deficit with Thailand totals approximately \$1 billion a year. At the same time, Thailand has a trade deficit with other countries. In particular, our trade deficit with Japan totals approximately 10 billion baht. But we are still on good terms with them, right?

[Question] Indochina seems to have changed its attitude and taken a more flexible and peaceful line. What is your view on this?

[Answer] If what you have said is true, that is good. I hope that is true. But I have a few observations that I would like you to consider. Recently, there has been a change of leadership in many of the communist-bloc countries, from the Soviet Union to the countries in Indochina, that is, Vietnam, Laos, and the Heng Samrin group in Phnom Penh. Besides this, they have had very serious disputes about the appointment of leaders and the economic and social problems confronting them. These are major problems that they must solve as quickly as possible. Thus, they need to spend their time solving their internal problems, particularly the problem of solidarity and unity among their leaders. It is essential that they spend their time on solving their internal problems.

Thus, if foreign problems stay like they are today and nothing really serious arises, I think that they will spend their time trying to solve their internal problems. They have changed their tactics. That's all. Their strategy remains unchanged. Their goals are still the same. They haven't changed their goals at all.

I know the communists well. I know them well enough to say that if they were not weak and experiencing internal problems, they would not take a gentle approach with others. Conversely, if we show any signs of weakness, they will strike at us immediately. They won't waste any time.

[Question] When did you become involved in intelligence work, and will your experience in that field help you in carrying out your present duties?

[Answer] I'll say a few words about that. I received training in intelligence work when I joined the air force 32 years ago. That seems like a long time ago. Much progress has been made in the intelligence field since then. The air force selected me to undergo training along with officers from the army, navy, and Police Department. That was the first time that the Ministry of Defense offered this course. That was when we began to take a serious interest in intelligence and saw the importance of intelligence. Field Marshal Phibunsongkhram was the prime minister and minister of defense at that time.

After I graduated, the Ministry of Defense decided not to send me back to the air force. Instead, I did intelligence work in the army. Field Marshal Sarit Thanarat, the RTA CINC at that time, established a special intelligence operations unit. Although I was an air force officer, I worked with army officers all the time. A number of naval and Special Branch Police officers worked there, too. During that period, I carried out my duties and took several intelligence courses both here and abroad. I also taught this subject to several classes of selected military and police officers and civilians.

If you ask whether this work was interesting, all I can say is that intelligence work is a thankless job. Because no one knows what you are doing. But we were proud of our accomplishments and the help that we provided. I can't tell you any more about this. But my work in the intelligence field gave me a broad knowledge, which is of great value in my present job.

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FIRST ARMY REGION COMBAT COMMANDERS, CLASSES LISTED

Bangkok MATICHON SUT SAPDA in Thai 14 Dec 86 pp 5, 6

[Text] Although the unsuccessful coup d'etat on 1 April 1981 has turned the readymade formula for the coordination of "artillery-cavalry-infantry" forces and "First Infantry Regiment, King's Guards-First Infantry Division King's Guards-First Army Region Commander" forces into a riddle that has no answer, the role and the meaning of the organization of forces in the First Army Region remain highly important.

The importance is not founded on the structure of the unit, and the First Army Region is very ready. Moreover, what is more important is that the First Army Region forces are at the heart of the military and political power center.

Lieutenant General Wutthichai Watthanasiri, commander of the First Army Region, was a Class 4 graduate of the CRMA (Chulachamklao Royal Military Academy), and then joined the artillery units. He was a major general when he held the position of "commander of the anti-aircraft artillery." Then he held the position of "deputy commander of the First Army Region" while waiting.

The three deputy commanders of the First Army Region are: Major General Yutthana Yaemphan (Class 4), Major General Khamron Kanchanakhom (Class 3), and Major General Cherdchai Theeratthanon (Class 5).

Chief of staff of the First Army Region: Major General Chamlaeng U-Chukomol (Class 5).

Commander of the first Combat Support Headquarters: Major General Preeda Watthanasak (Class 4).

Commander of the First Military Precinct of the Army: Major General Sakan Satityutthakaan (Class 5).

Commandant of the Military Province of Lopburi: Major General Suphit Lamchuen (Class 6).

Commander of the Second Military Precinct of the Army: Major General Paew Paewphisakun (Class 5).

Commandant of the Military Province of Chonburi: Major General Maitree Yusathaphon (Class 7).

In the combat forces, commander of the First Army Division, King's Guards: Major General Son Siphon (Class 5).

Commander of the Second Infantry Division: Major General Manat Aramsi (Class 8).

Commander of the Ninth Infantry Division: Major General Mongkon Amphonphisit (Class 9).

Commander of the 11th Army Division: Major General Woraphim Ditsayabutra (Class 5).

From the list, it will be seen that there are 14 high-ranking military commanders of the First Army Region. Of these, one is from Class 3; three from Class 4; six from Class 5; one from Class 6; one from Class 7; one from Class 8; and one from Class 9.

If we focus on details, the First Army Division, King's Guards, is the most important. This importance does not result only from the fact that it is a very old unit, but because it is the division that controls other infantry regiments surrounding greater Bangkok.

Major General Son Siphon (Class 5) was commandant of the 23d Infantry Regiment of the 2d Army Region and had moved in to take over the position of commandant of the First Infantry Regiment, King's Guards, after the "1 April" incident. Then he moved on to become deputy commander of the First Army Division, King's Guards, and became a major general, holding the position of "commander of the Second Infantry Division" (in October 1985).

Since October 1984, this division has been under the command of Class 5 officers all along. These officers are Major General Issaraphon Nunphakdee (October 1984) and Major General Wimon Wongwaanit (October 1985).

There are two deputy commanders of the First Army Division, King's Guards: Colonel Bundit Malai-arison (Class 8) and Colonel Watthana Bunyasit (Class 8).

Chief of staff of the First Army Division, King's Guards: Colonel Amphon Sawetseranee (Class 8).

Commandant of the First Infantry Regiment, King's Guards: Colonel Somphop Attanan (Class 14).

Commandant of the 11th Infantry Regiment, King's Guards: Colonel Titiphong Chennuwat (Class 11).

Commandant of the 31st Infantry Regiment, King's Guards: Colonel Thanet Maison (Class 12).

Commandant of First Artillery Regiment, King's Guards: Colonel Chamaan Phasunan (Class 12).

From the list, it can be seen that of the eight ranking officers of the First Army Division, King's Guards, there are one from Class 5, three from Class 8, one from Class 11, two from Class 12, and one from Class 14.

Now, let's turn to the Second Infantry Division

Major General Manat Aramsi (Class 8), commander of the second Infantry Division, is considered to be the true flesh and blood of this division. This is because he climbed up from the posts of commandant of the 21st Infantry Regiment, King's Guards, and deputy commander of the 2d Infantry Division.

The current deputy commanders of the Second Infantry Division are Colonel Phanom Chinawicharana (Class 11) and Colonel Chainarong Nunphakdee (Class 11).

Chief of staff of the Second Infantry Division: Colonel Somphong Chunhanan (Class 8).

Commandant of the Second Infantry Regiment, King's Guards: Colonel Somchai Ubondetpracharak (Class 13).

Commandant of the 21st Infantry Regiment, King's Guards: Colonel Nipon Pharanyanit (Class 14).

Commandant of the Second Artillery Regiment, King's Guards: Colonel Hiran Saiprasert (Class 12).

From the above, one can see that of the seven ranking officers in the Second Infantry Division, two are from Class 8, two from Class 11, one from Class 12, one from Class 13, and one from Class 14.

Since Major General Mongkon Amphonphisit was appointed commander of the Ninth Infantry Division (in October 1986), the division is again being watched very closely.

Commander of the Ninth Infantry Division: Major General Mongkon Amphonphisit (Class 9).

Deputy commanders of the Ninth Infantry Division: Colonel Chettha Tanacharo (Class 9) and Colonel Prasat Thaenkhram (Class 9).

Chief of staff of the Ninth Infantry Division: Colonel Akkradet Sasiprapha (Class 11)

Commandant of Logistics Regiment, Ninth Infantry Division: Colonel Wiboon Yingwiriya (Class 11).

Commandant of the Ninth Infantry Regiment: Colonel Phonchai Detchatwong Na Ayutthay (Class 14).

Commandant of the 19th Infantry Regiment: Colonel Chalong Chotekakham (Class 13).

Commandant of the Ninth Artillery Regiment: Colonel Manop Daoruang (Class 13).

From the above, one can see that of the eight ranking officers in the Ninth Infantry Division, three are from Class 9, two from Class 11, two from Class 13, and one from Class 1.

It can be seen that if we use their classes for the consideration of officers with the ranks of (special) colonel, who hold important positions controlling forces, we will see that there are four from Class 8, two of whom are deputy commanders of a division, and two are chiefs of staff.

There are two from Class 9, both of whom are division deputy commanders.

There are five from Class 11, two of whom are division deputy commanders, two are regiment commandants, and one is a chief of staff.

There are two from Class 9, both of whom are division deputy commanders.

There are five from Class 11, two of whom are division deputy commanders, two are regiment commandants, and one is a chief of staff.

There are three from Class 12, all of whom are regiment commandants.

There are three from Class 13, all of whom are regiment commandants.

There are three from Class 14, all of whom are regiment commandants.

We can vaguely see that the chances that Class 5 will move up higher, with Class 8 and Class 9 replacing them at the level of division commander will continue to increase. At the same time, the chances for replacements by Classes 12, 13, and 14 in each division are also high, in much the same way that chains are linked.

Although the old and historical military habit--the ties between "the First Infantry Division, King's Guards-and-the First Army Division, King's Guards-and-the commander of the First Army Region"--may be very important, the "9 September 1985 rebellion" has given a new and different direction.

Because the government has chosen the 11th Infantry Regiment, King's Guards, to be an important headquarters, the role of this regiment has become greater.

In the transfers and appointments this past November: although Colonel Amphon Sawetseranee was moved from the position of commandant of the 11th Infantry Regiment, King's Guards, to the position of chief of staff of the 1st Army Division, King's Guards, his replacement was not appointed at the same time. This is because Colonel Thitiphong Chennuwat was the superintendent of the Military Preparatory School Regiment, which is under the Supreme Command. Colonel Thitiphong Chennuwat is a Class 13 graduate, and before he assumed the important position at the Military Preparatory School, he used to be deputy commandant of the Second Infantry Regiment, King's Guards, in the area under the control of the Second Infantry Division.

Whether observers conclude that the transfers and appointments in the areas under the control of the First Army Region are for the purpose of balancing the military forces or not, the undeniable fact is that the appointments to the various positions are made to accommodate the mobilization of officers, not in order to prevent coups d'etat or to maintain a balance of power within the military. They are made in accordance with the turns of each military officer to be promoted and with the suitability of their ranks and their positions.

However, regardless of the transfers and appointments, the First Army Region is still given attention and watched. And if the question is asked, the appointments are designed for whose control? The answer should be that the First Army Region is under the control of the army, which is responsible to the Supreme Command of the Armed Forces, which is in turn responsible to the Ministry of Defense, and to the government legitimized by the Constitution.

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THAILAND

CRMA CLASSES 5, 8 SEEN VYING FOR POWER, CHAWALIT'S INFLUENCE

Bangkok SU ANAKHOT in Thai 7-13 Jan 87 pp 8-12

[Unattributed report: "Plan To Drive a Wedge Between CRMA Class 5 and Big Chiu"]

[Excerpt] CRMA [Chulachomklao Royal Military Academy] Class 5 in the Present Situation

CRMA Class 5 used to hold 11 of the divisional commands. But following the September 1986 military reshuffle, that is, during the tenure of Gen Chawalit as RTA CINC, CRMA began to lose its position. That is, it was left with just eight divisional commands: Maj Gen San Siphon, the commander of the 1st King's Guard Infantry Division; Maj Gen Bunthoen Nianchaloei, the commander of the 3d Division; Maj Gen Choe Phosinak, the commander of the 4th Division; Maj Gen Phairot Chan-urai, the commander of the 1st Cavalry Division; Maj Gen Ariya Ukotsakit, the commander of the 2d Cavalry Division; Maj Gen Phuchong Nilakham, the commander of the Artillery Division; Maj Gen Wirot Saengsanit, the commander of the AAA Division; and Maj Gen Woraphim Ditsayabut, the commander of the 11th Division.

However, it is incorrect to think that the loss of a number of its divisional commands means that CRMA Class 5 has lost power. It is normal for people to be promoted to higher positions in the army. The only thing is that they have stepped up during a period of transition and will have to be especially careful. Some members of CRMA Class 5 who were transferred from their divisional commands have been made deputy army region commanders. It may be 2-3 years before they move up to army region commander. These next 2-3 years will be a very important period of transition for them.

In the wake of the recent military reshuffle, a number of members of Class 5 are now in line for an army region command. These include Maj Gen Sunthon Toemthongchai, who was appointed deputy commander of the 2d Army Region, Maj Gen Khachon Ramanwong, who was appointed deputy commander of the Special Warfare Command, Maj Gen Choetchai Thirattanon, who became the deputy commander of the 1st Army Region, and Maj Gen Phaibun Hongsinlak, who was appointed deputy commander of the 2d Army Region.

A news source in Class 5 said that because this is period of transition, some members of Class 5 will rise more slowly than fellow classmates. That is, they will have to remain divisional commanders for a 3d and 4th year in order to help ensure that the entire class does not get pushed to the side.

However, some members of CRMA Class 5 have already been appointed to important positions in the army. Among these are Lt Gen Isaraphong Nunphakdi, the 2d Army Region commander, and Lt Gen Wimon Wongwanit, the commander of the Special Warfare Command. And the person who should be watched is the key man in the class, Lt Gen Suchinda Khraprayun, who has been appointed deputy army chief of staff. There are reports that he will be promoted to full general at the end of this year, the first member of the class to be promoted to this rank, and appointed army chief of staff. This means that he will be in line for the position of RTA CINC.

Power Balancing Strategy, CRMA Classes 5 and 8

It can be said that CRMA Class 5 continues to play an important role in the army and that its position is still as strong as ever. However, the rise of certain members of CRMA Class 8 should be watched. Today, members of this class control five important divisions. These are Maj Gen Manat Aramsi, the commander of the 2d Division, Maj Gen Kitti Rattanachaya, the commander of the 5th Division, Maj Gen Banthao Yaiket, the commander of the 6th Division, Maj Gen Wattana Sanphanit, the commander of the 1st Special Forces Division, and Maj Gen Araphan Wattanawibun, the commander of the 2d Special Forces Division.

Many other members of this class are now in line for divisional commands. These include Col Wattana Bunyasit, the deputy commander of the 1st King's Guard Division, Col Amphon Sawetsenni, the chief of staff of the 1st King's Guard Division, and Col Ekwisan Kanitthanon, the deputy commander of the 1st Special Forces Division. Those who are waiting their turn in important departments include Maj Gen Yutthasak Sasiprapha, the chief of staff of the Territorial Defense Department. He may be given a divisional command, because he served with the 1st Division for many years. Another such person is Col Pricha Uthensut, who was appointed deputy director of personnel in the November reshuffle.

The members of CRMA Class 8 who are now on their way up are from a different wing of Class 8 than those who flourished during the time of Gen Athit. These members of Class 8 have the confidence of Gen Chawalit. In the past, these members of Class 8 never did anything to oppose Class 5, and they served under members of Class 5, many of whom were divisional commanders. However, some members of Class 5 may feel "uneasy."

"It's as if Big Chiu has played another card. He is using another group as a bargaining chip or counterbalance. But this does not mean that there are any conflicts. We have coordinated things well with members of this junior class ever since they became regimental and deputy divisional commanders. There has never been a gap between us. The only thing is that we do feel somewhat uneasy. It's as if we are being pressured with another newly-created force," said a member of CRMA Class 5.

Besides this, a high-level news source in the army said that another thing that has increased the unease of Class 5 is that this is a transitional period for Class 5, which is giving up its divisional commands and moving up to higher positions. If they are replaced by officers from various classes, there won't be any problem. But it seems that most of those who are replacing them as divisional commanders are from Class 8, which is a unified group just like Class 5.

"Class 5 knows that if this class gains control of most of the divisions just as Class 5 did in the past, it will have great power," said the news source.

Young Turks and Amnesty for 9 September Rebels

The high-level news source in the army said that the matter of using Class 8 as a counterweight is not the only thing that has opened up a crack between Class 5 and Big Chiu. Since becoming RTA CINC, Gen Chawalit has implemented several policies that have affected his relations with Class 5. In particular, the decision to allow Young Turks to return to the military last August greatly displeased Class 5, which has no love for this group.

Looking back at the conflict between Class 5 and the Young Turks, most of whom were members of CRMA Class 7, it can be seen that the two classes have been at odds with each other ever since the time that the Young Turks held important positions as regimental and battalion commanders prior to the 1-3 April 1981 coup. At that time, it was the Young Turks who held positions of power in the army, and this greatly affected the position of CRMA Class 5 at that time.

Just prior to the events of 1-3 April, someone attacked and beat the then president of Class 5, Col Loet Phungphak. At that time, there was a serious conflict between the Young Turks and CRMA Class 5. This conflict grew even worse when Police Maj Gen Bunchu Wangkanon, the commander of the Suppression Division and a member of Class 5, and Maj Gen Phuchong Nilakham were ordered to investigate the attempted assassinations of political leaders following the coup attempt of 1-3 April. The 1-3 April coup makers were implicated in the assassination attempts, and two important Young Turks, Col Manun Rupkhachon and Col Bunsak Phocharoen, were taken to the Suppression Division, Chokchai 4, in the middle of the night for questioning.

In the attempted coup of 9 September 1985, in which Col Manun Rupkhachon again played a leading role, there was a clash in front of the 1st King's Guard Division and people were killed. At that time, Lt Gen Isaraphong was the commander of this division. The rebel tanks fired at the 1st Division base and destroyed the radio station antenna.

But now that Gen Chawalit is the RTA CINC, the Young Turks have been reinstated in the army. This is in accord with his policy of building unity among all groups. Even though Lt Gen Suchinda Khraprayun, a key man in CRMA Class 5, supported the reinstatement of the Young Turks, an army news source said that this was actually a shrewd plan by Gen Chawalit. He was well aware of the conflict between these two groups and so he tried to find a way to ensure that the reinstatement of Class 7 would not cause problems. He entrusted Col Sunthon Chaimuanwong, one of his staff officers, with the task

of coordinating things with Lt Gen Suchinda and having him play a role in the hope of putting an end to this conflict. Lt Gen Suchinda, who is now the deputy army chief of staff, had to conduct himself like a senior person in preparation for moving to a higher position. Thus, the reinstatement of the Young Turks seemed to have the backing of Lt Gen Suchinda, too.

However, the news source said that members of Class 5 in general still harbor a grudge, and so this issue is still smoldering within Class 5. Things became even worse for Class 5 when Gen Chawalit gave the green light to granting amnesty to those who participated in the 9 September rebellion.

The news source also said that the Special Branch Police recently staged a raid on the home of the sister of Manat and Manun Rupkhachon, because there were reports that Manat had returned to Thailand. The Suppression Division, under the command of Police Maj Gen Bunchu, a member of Class 5 who played an important role in tracking down the Young Turks, immediately ordered officials to find Manat Rupkhachon. There have been comments to the effect that a resolute effort is being made to find Manat in order to prevent the 9 September rebels from being granted amnesty.

Keep an Eye on the Year-End Reshuffle and the Plan to Drive a Wedge

The news source in the army said that this is an indication of the split between Big Chiu and CRMA Class 5. However, they will maintain relations and cooperate in the future in order to prevent this split from growing even wider.

"Some members of Class 5 are trying to understand the policies of the RTA CINC. Even those who are unhappy are still on speaking terms with him," said the news source about the situation, which is not yet too serious.

The news source added that the reshuffle in September 1987 may help to heal this split. Because according to the plan that has been made, Lt Gen Suchinda, a key man in the class, will be appointed army chief of staff. Other key figures in the class will be appointed to important positions.

"But the thing worth watching now is that those who have lost power are trying to stir up trouble and play up these problems. Even though most of the Young Turks who have been reinstated get along well with their superiors, these people are using them as a target to create conflicts," said the news source. He added that it is unlikely that this plan to drive a wedge between people will be successful. After the September reshuffle, in which key men in Class 5 will be appointed to important army positions, these splits should start to heal. It will be difficult for anyone to drive a wedge between people.

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THAILAND

STATUS OF, SUPPORT FOR MANUN, MANAT RUPKHACHON

Bangkok NAM THANG in Thai 5-11 Jan 87 pp 17, 18

[Unattributed report: "Manat Rupkhachon, Where Are You?"]

[Text] On the order of Police Maj Gen Kasem Saengmit, Police Col Chalut Kitchatham led a force of more than 100 Special Branch Police officials to surround the home of Maj Rudi Kamonmat, the sister of Commander Manat Rupkhachon. Officials surrounded the house, located on Lat Phrao Road, on the evening of 22 November 1986. Their objective was to arrest Commander Manat, a suspect in the 9 September rebellion. Although news reports and people's interest in this have faded, the people responsible for tracking down Manun and Manat are still very busy. They are doing everything they can to arrest these men. This is because these two men pose a threat to the leaders of the present administration. And what is important is that they committed a serious violation.

Manun Rupkhachon is now living in Frankfurt, West Germany, in a house owned by an MP from Ayuthaya. He is living there with his wife, Montha Rupkhachon. Recently, there have been reports that he has used his remaining money to open a Thai restaurant in Dusseldorf. The name of the restaurant is "Bangkok." Most of the items to operate the restaurant were purchased in Bangkok. This is just an attempt to making a living during a period when he is without an occupation or a country.

There have been various rumors about Manun Rupkhachon. In particular, there were reports that someone from Thailand gave him 30 million baht in order to return and stage another coup. Even though this was just a rumor and no one could confirm whether it was true or not, this immediately generated strong political currents in Thailand.

Manun Rupkhachon is definitely living in West Germany. It is easy to monitor his movements, because it is known where he is living. And everyone knows what his political ideals are. A letter that he wrote to NAM THANG clearly shows that he hasn't changed.

Even though Thai law cannot reach this professional coup maker at the present time, it is quite possible that Manun will be driven to the wall. Thai state powers have ordered embassies and consulates throughout the world not to renew

the passports of either Manun or Manat. It is hoped that they will not be able to move about after their passports expire and that the German government will send them back to Thailand.

Another thing that has caused trouble for the officials responsible for finding these two men is that in October 1986, there was a report that Commander Manat Rupkhachon had left Germany and returned to Thailand. This report was kept confidential. At the same time, there were reports that Mr Ekkayut Anchanbut had secretly returned to Thailand in order to obtain a new passport.

Finally, officials gave up the attempt to pursue these men in secret. Rumors that Manat had returned to Bangkok spread quickly. To the credit of the National Intelligence Office, which is headed by Mr Piya Chakkaphak, Gen Prem was the first person informed of this. A resolute search was conducted. It was thought that he was lying low at the home of his sister, Maj Rudi Kamonmat. But to date, no one knows whether the rumors about his return to Thailand are true or not. But most people think that he has returned. In particular, the people sent to Germany to monitor his movements have reported that Manat has disappeared. Some say that he has fled to Canada. Others say that he has returned to Thailand, because a letter that Manat sent to a friend had a Bangkok postmark.

Some people say that actually, since fleeing on 9 September 1985, Manat has never been out of Thailand. They say that he is hiding somewhere in the Karen zone of influence in Kanchanaburi Province, where the Rupkhachon family has great prestige.

Thus, the rumors about Manat Rupkhachon have been very confusing ever since the coup failed. But the reports about the attempted arrest at the home of Maj Rudi Kamonmat that day provide confirmation. And people from the "Phitsanulok" unit went and waited for news at the office of the Special Branch Police commander.

The fact that mistakes have been made and that rumors have reached the press has caused great anger and had various political repercussions, including putting a stop to granting amnesty. And foreign political magazines have observed that the fact that Thai officials are still conducting searches like this is an indication of the government's stability. An effort is being made to determine who leaked these reports to the press, leaks that have caused red faces. If people want to know what happened, they can ask NAM THANG.

In the wake of the events of 9 September, in which a group of people committed a crime (because they lost), several groups continue to take action. This is because Gen Prem Tinsulanon told foreign reporters that "when you play a game, you have to play by the rules." And when you play the game of seizing power, the one who loses has to go to jail.

11943
CSO: 4207/123

THAILAND

COMMENTARY ON ARMY OFFICERS SMUGGLING KHMER WEAPONS

Bangkok LAENG KHAO in Thai 8-14 Jan 87 p 6

[Domestic Events column]

[Excerpt] War weapons continue to be smuggled from the eastern border with Cambodia, where the Khmer coalition is engaged in a war against the Vietnamese-Heng Samrin forces, to Thailand's northwestern and southern borders. The main customers are the minority groups that are waging a struggle against Burmese government along the Thai-Burmese border, the communists in Thailand and Burma, and the CPM, or Communist Party of Malaya, which is waging a struggle against Malaysia and which has established based in southern Thailand.

On 26 December, Yala police officials arrested two army officers, a sublieutenant and a lieutenant, and a civilian. They were using a jeep to transport ammunition and explosives to CPM forces. The report stated that the lieutenant was identified as Lt Suthin Pho-on, who was stationed with the War Dog Center, Veterinary Department. He participated in operations against the CPM in this area in 1984. After these operations, he became close friends with a CPM agent. Later on, he was invited to visit a large CPM camp in Zone 1 located along the border between Ban Nang Sata and Than To districts in Yala Province and Sukhirin District in Narathiwat Province. He was given a warm welcome. Before he left, he became acquainted with an attractive CPM nurse. He fell in love with her and returned there again. Sublieutenant Sukhon Naowarat was attached to the 3d Battalion of the 15th Infantry Regiment in Thung Song District, Nakhon Sithammarat Province. He was in the process of being discharged from military service. Why he was being discharged isn't known. The two soldiers have been turned over to military officials. They will be charged with having war weapons in their possession and smuggling weapons to the CPM. Officials will try them in accord with the Anti-Communist Act.

Trafficking in war weapons is like trafficking in heroin. Without the cooperation of military and police officials, it would be difficult for people to engage in these activities. Thus, soldiers and policemen are frequently found to be engaged in trafficking activities involving these illegal and dangerous items.

11943

CSO: 4207/115

ARMY ADVISORY COUNCIL WANTS IRREGULAR FORCE UPGRADED

Bangkok MATICHON in Thai 27 Dec 86 p 2

[Text] At 10 am, this 26 December, at the army conference hall, there was a meeting of advisors to the army, presided over by Field Marshal Thanom Kittikachorn. There were many military officers taking part in the meeting, such as General Chuthai Saengpratheep, former military inspector general; General Bunjob Bunnag, former chief of staff; and Field Marshal Prapas Charusathira.

Reports said that General Phorn Thanaphum, a highly qualified advisor, proposed that (1) the Volunteer Rangers Project is very useful militarily, socially, and psychologically, and therefore should be kept and modernized and promoted so that ranger units are established widely. (2) The Pakthongchai Rangers Camp should be developed to be an even more complete camp.

(3) With regard to training, a ranger company should be equipped with small and light communications units that are highly effective so that it can communicate with its base or units behind the line. This is because the rangers have to fight guerrilla style and independently. The building at Pakthongchai Camp is not completely equipped. Therefore, we must find an area outside of the camp for additional training, and the units will have to be brought for training during a specified time period. The rangers should be trained to help develop villages for the overall benefit of the country and for the socio-psychological benefit of the rangers themselves.

(4) For the maintenance of the status of the rangers and their chain of command there must be methods of training and measures of control, and these must be effective so that their control is effective and their discipline is good. This is to prevent them from behaving in a negative manner. As for compensation, the rangers should get at least the equal of minimum wages plus the cost for their risk-taking. In addition, there should be assistance for the families of rangers who die or are wounded in action.

(5) As for special proposals, the army should submit them to the government, and the army should accept to be the leader in coordinating the execution

of programs and campaigning; this would make government officials of all types throughout the country and the people in the nation a disciplined people.

Reports said that Field Marshal Thanom Kittikachorn has ordered the army advisory board to compile the board members' opinions and present them to the army. And on 6 January, the advisory board will visit the weapon-producing center of the army in Lopburi, and the board will consider the production of weapons by the army as well.

12282/9190

CSO: 4207/95

SOUTHERN MP VIEWS MUSLIM CHILDREN'S ALIENATION VIA SCHOOLS

Bangkok LAENG KHAO in Thai 1-7 Jan 87 pp 31-34

[Interview with Phibun Phongthanet, an MP from Narathiwat Province and a member of the Public Health Subcommittee; date and place not specified]

[Excerpt] [Question] In the four southern provinces, education has been a major issue, and it is still a problem today. What is your view on this?

[Answer] In the four southern provinces, most of the people are Thai Muslims. Many of the problems concern curriculum. The Ministry of Education requires students at the compulsory-school level to take five units of social studies. Four of the units concern geography and history. That doesn't present any problem. But one unit is moral education. As part of the curriculum, teachers provide instruction concerning Buddhism, which is something that Muslim students can't study. That is against their religious principles. But we have made this a compulsory subject. Because they don't attend classes, there is no way that they can compete with Thai Buddhists on the examinations. That poses another problem. Some parents have solved the problem by sending their children to attend school in Malaysia. Some children travel back and forth; others go and stay with relatives in Malaysia. I think that this will become a major problem for the government. Children are like a twig that will grow in the direction that you bend it. If we force them to attend school in Malaysia, they will learn things from Malaysia's standpoint. They will learn history from a Malaysian viewpoint. The same is true for geography. We have had many problems concerning the territory composed of the four southern provinces. Allowing children to study in Malaysia will just lead to problems again. The Ministry of Education should take quick action to solve this problem.

[Question] As an MP, what do you think should be done to solve this problem?

[Answer] I think that one solution is to include Islamic studies in the curriculum to enable children to take courses based on their religious beliefs. In Thailand, people have religious freedom, right? There are many Islamic studies instructors. We can use these teachers to teach this subject. As for how to solve this problem, I don't know what the Thai Buddhists in my home area think about this. They may say that now that I am an MP, I am trying to help only the Muslims. But actually, I am not looking at the problem from

the standpoint of religion. I regard them as Thai like the rest of us. As an MP, I am their representative and must look for ways to solve their problems. If Thai Buddhists are being treated unjustly, I have to do something about it. I must do whatever I can to solve all the problems that arise in my area.

11943

CSO: 4207/118

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

BRIEFS

KHMER ROUGE MURDER STUDENTS--A BAN MUANG reporter in Surin Province reported that thugs threw a grenade in front of a movie screen near the Ban Nong Khanna school in Pakdai Subdistrict, Kap choeng District, Surin Province, on the evening of 31 December 1986. Six students and villagers were killed and 10 were injured. There are reports that the villagers were able to catch one of those responsible. Police Lt Col Phairot Loetwilai, the deputy superintendent in Surin Province, and Police Maj Phira Phongsuwan, the inspector for investigation at the provincial police station in Kap Choeng District, revealed that the man responsible for this was Private U Saruan, a Khmer Rouge soldier. He confessed that he and his friends frequently crossed into Thailand to watch movies here. But this time, the gate guard refused to let him or his friends enter to see the movie. He claimed that it was one of his friends who threw the grenade. After the grenade exploded and people began running here and there, he and his friends quickly left the area in order to flee across the border. But villagers followed them and managed to capture Private U. Officials have detained him on charges of illegal entry into the country and willful murder. Mr Bunsong Phloikhao, the director of primary education in Surin Province, visited the families of the four Grade 3 students who were killed and gave them a sum of money. [Text] [Bangkok BAN MUANG in Thai 4 Jan 87 pp 1, 16] 11943

KHMER BANDITS KILLED--People's Volunteers for Development and Self Defense [PVDS] acted bravely in carrying out operations. Members of this organization suppressed a group of armed Cambodian bandits who had crossed the border to rob Thai villagers in the area near Ban Nong Mang. They seized a large number of weapons and medical supplies. Mr Chamnian Chawanaphong, the director for anti-communist activities in Prachinburi Province, revealed that on 14 October, a PVDS team from Taphaya District launched an operation to suppress a group of armed Cambodian bandits operating near Ban Nong Mang. A clash broke out at 1100 hours. Four of the bandits were killed in the clash. The team seized three AK-47 rifles, five ammunition clips, one RPG and two RPG rounds, two M-46 grenades, and various medical supplies. None of our men was injured. [Text] [Prachinburi SIANG MAHACHON in Thai 1-15 Nov 86 pp 1, 7] 11943

CSO: 4207/119

BORDER DEFENSE CADRES OUTWIT CHINESE AGENTS

Hanoi QUAN DOI NHAN DAN in Vietnamese 4 Jan 87 p 2

['Security Guard' column by Hong Linh: "Upsetting the Trap"]

[Text] After a period of persistent interrogation and investigation of Sau A Cau, Reconnaissance Section Chief Nguyen Minh summarized the initial results, reported to Border Defense Chief Colonel Ha Thanh, and requested further guidance.

Colonel Ha Thanh was somewhat startled and surprised when he listened to the tape of Cau's confession: he had been assigned a mission by the Intelligence Directorate of the Kunming Military Region to enter Vietnam and establish contact with A85 who was stationed at X border defense post. So who was A85? Cau said that his commander, Ly, had shown him a photograph and that he had memorized the stipulated recognition password and signal. During his training period, he had practiced each specific portion following Ly's instruction. If he was captured, Cau was only allowed to admit that he was a refugee fleeing into Vietnam for assistance to reach Hong Kong or Candada to live. If Vietnam realized that he was an espionage agent sent across by China and had intentions of recruiting him to strike back, all the better. At that time, he would become an even more successful double agent.

Concerning his method of making contact with A85 in case he was captured and temporarily detained at the border defense post, Cau confessed: when A85 received the information that a Chinese had been captured, he would immediately seek a way to openly or secretly meet him for a period of 5 to 10 minutes in the status of a responsible cadre coming to inspect the detention situation. A85 would ask the following questions in the Chinese Mandarin or H'mong languages:

--Where did you come from?

--I crossed from Ma Quan.

--What is your name? Are you carrying anything for your relatives?

--My name is Hoang Vinh Quoc! All I have is this green stone!

At that time, he would pick a concealed green stone from his trousers cuff with his little finger and give it to A85. The stone would be hexagonal in shape

with four Chinese characters carved on one side, "Vuong Quoc Tu Tri [Autonomous Kingdom]." A85 would accept the stone, place it in his right pocket and assume the responsibility of finding B09 and carrying out the assigned mission. However, before A85 departed the detention location, Sau A Cau must immediately ask, "Whenever you meet me, say nothing but use five fingers (of your right hand) to make a signal three times, the first time raising one finger, meaning 1 hour; the second time raising three fingers (from the middle to the little finger), meaning 3 hours; and the last time raising all five fingers, meaning, "On the 5th day of the lunar month, you will be taken safely away from here."

Colonel Ha Thanh suddenly smiled and asked Minh, "It seems that Ly's plan for infiltrating individuals and making contact was fairly well prepared. However, today is already the tenth day so why hasn't anyone come to see him?"

"Commander, there is another man named Hoang Quang Chi of Chinese origin who previously lived in Vietnam, fled to China in 1979, and returned for activity on 5 February. He was captured and imprisoned. He admitted a number of things relating to Cau. As for Cau, he only yesterday afternoon revealed to an agent of ours that he knew and was extremely afraid of a man named Hoang. Surely Ly sent Hoang over to see him."

"Oh! That's very good! But have you confirmed his confession yet? Have you gathered or discovered any changes in the locations related to these two infiltrations?"

Nguyen Minh reported his plan to Director Ha Thanh. Ha Thanh listened, contemplated and occasionally shook his head in agreement with the persuasive plan.

Finally the director told Minh, "That's enough. I totally agree with the problem presentation and solution you have outlined. As for Cau, I think our belief that he is an amateur spy under the command of a boss behind the scenes is wrong and that a dangerous trick is being played upon us. If he is taking advantage of our carelessness to set a trap, we must also take advantage of his weak spots to 'upset the trap.' Immediately develop a plan, the sooner the better."

Shaking hands with the chief, Minh's head was burning with ideas for achieving a truly good plan to "upset the trap." What must he do to shorten the time without destroying professional principles and regulations but still have an accurate answer?

It was very likely that Chi had come across to aid or rescue Cau from prison. A general plan was formulated but for the specific changes, each detail must be actively filled in. Chi must be used to crush Cau and his gang.

According to the daily routine, before the prisoners went to sleep, female nurse Hoai Thu, accompanied by interpreter cadre Xuan and a guard, went to inspect each cell to see if anyone was sick and to remind them to comply with prison regulations. When the guard switched on the light outside the door, turned the key and entered, he saw Cau sitting idly in one place. He looked up with a beseeching expression.

Hoai Thu gently asked, "Why aren't you asleep? I will bring you another blanket. Surely you will not oppose that, will you?"

"Thank you, Vietnamese cadre, but permit me to see the cadre with the whiskers so I can tell my story right now."

"It's late already. Rest now, think carefully and report tomorrow."

"It's very important, ma'am! I suggest you let me see that cadre immediately."

According to the plan discussed previously with Minh, Hoai Thu did not reply. She motioned to the two men with her to move to another cell for inspection. Sau A Cau clasped his hands in panic and began to weep, "Please ma'am and sirs, save me or I will die."

At this unexpected development, Hoai Thu said to the interpreter, "This man surely must have some secret to be so afraid.! Maybe we should tell Minh so he can take care of it right away."

Hearing Hoai Thu's report, Minh decided to call Sau A Cau up to the interrogation room immediately. Seeing Minh, Sau A Cau saluted in the manner of a prisoner and said, "Sir, I am extremely fortunate to be able to see you at this hour. During the evening, I heard a familiar voice through the drainage pipe saying, 'Are you Sau A Cau? This is Hoang. Have you told everything already? OK! Sometime tonight I'm going to come over and kill you.' The man threatening to kill me is none other than Hoang Quang Chi, the man sent across by old man Ly in readiness to kill those betraying the fatherland like me. Chi lived in Vietnam before and fled to China in February of 1979. Old man Ly trusted him and selected him to train emigre spies and guerrillas. I don't know when he was caught and brought here. He is skilled in breaking jail, kidnapping and murder. I am very much afraid of him! If you keep him here, I will be killed. Please save me."

Nguyen Minh frowned in thought. He understood clearly the mental condition of infiltrators when apprehended, some clinging to life while fearing death, and some appearing to be naive but actually extremely stubborn.

Allowing Cau to finish speaking, Minh asked, "If that is so, tell me about the mission that old man Ly assigned to you. Were you to meet anyone? Where? If you don't want to tell the truth, don't answer my questions."

"Sir, old man Ly assigned me to come across and meet A85, transmitting orders through him to B09 to use every method to investigate the numbers, designators, letter box numbers and strengths in men, weapons and warehouses of troops stationed on the border. My secondary mission was to give A85 an amount of gold for use in awarding bonuses to the agents in our spy network in Vietnam. Only when A85 delivered a quality report on the situation was I to turn over the gold at a stipulated point. If I was caught before meeting A85, I was not to tell the truth but to say that A85 was a cadre of the unit that was directly involved in my capture in order that your upper and lower echelons would distrust each other. Old man Ly threatened that if I told the truth, he would

send someone across to find and kill me. Afterwards, the loudspeakers on the border would announce, 'The Vietnamese authorities have killed a Chinese prisoner and our country will denounce and protest your action.'"

Thus, the protective screen of Sau A Cau and the plots and stratagems of the enemy were exposed. But who is A85? That struggle is continuing. The price that must be paid for "setting a trap" is the dismal defeat waiting to greet them.

7300

CSO: 4209/285

ACTIVITIES OF TRADE MISSION IN CAMBODIA REVIEWED

Hanoi NGOAI THUONG in Vietnamese 20 Dec 86 p 6

[Article by Q.B.: "A Year of Activity of the Vietnamese Trade Mission in Cambodia"]

[Text] "We are very pleased to see that Vietnam has set up a commercial representative organ in Cambodia. In the past I thought that you did no trading but only provided aid." That was an opinion of many commercial representatives of the fraternal socialist countries in Phnom Penh. November 1986 marked exactly 1 year since the initial meetings with the Cambodian foreign trade organs to set up the Vietnamese commercial organ in Cambodia. It has begun to attain good results.

With a very skilled organization, the cadres of the trade mission have made all-out efforts and have enthusiastically built up the organ, so they have not avoided any jobs, even carrying things, in order to stabilize their living conditions and quickly begin their specialized activity. In addition to the subjective efforts of the trade mission, it is necessary to mention the meticulous assistance and sense of responsibility of the delegation of foreign trade specialists and the ardent assistance of our country's embassy in Cambodia. In addition to showing concern for the lives of the members of the trade mission, the foreign trade specialists have worked with the trade mission in transporting possessions, furniture, and equipment for the organ. Thanks to all those efforts, within a very short period of time all tasks of the trade mission were gradually placed on a regular basis and contributed to the foreign trade activities of an organ next to the embassy. With regard to specialized matters, although it did not begin operations until the end of 1985, its members made efforts to contribute to bringing back more goods than in previous years and reducing the imbalance in Vietnam's exports to Cambodia. In 1986 there are prospects that exports and imports will be balanced and that the volume of goods exchanged will increase by about 40 percent over 1985. In 1987 the volume of goods exchanged between the two countries (according to the 1987 protocol that has been signed) will double in comparison to 1986 and create the premise for developing Vietnam-Cambodia trade in the future. Furthermore, the trade mission has helped our foreign trade organizations in Cambodia sell for hard currency to such international organizations as MCC [Mennonite Central Committee], UNHGRU [as published] [United Nations High Commissioner for Refugees], AFSC [American Friends Service Commission], etc.,

such goods as construction materials, seed rice, etc., so that those organizations can provide humanitarian aid for Cambodia. The results of such transactions are still minuscule (more than 100,000 U.S. dollars), but they have begun to increase the activity of the trade mission.

In addition to the initial results that have been attained, the Vietnamese trade mission in Cambodia feels that it must make even greater efforts to fulfill the difficult missions set by the Sixth Party Congress for the foreign economic work, especially the building up of the special all-round militant alliance of Vietnam, Laos, and Cambodia in general and of Vietnam and Cambodia in particular. First of all, it is necessary to change our economic thinking so that it can be appropriate to the actual objective circumstances of Cambodia.

5616

CSO: 4209/250

COOPERATIVE RUBBER PROJECTS TERMED PROMISING

Hanoi NGOAI THUONG in Vietnamese 20 Dec 86 p 3

[Article by Mai Don: "Cooperative Rubber Projects Very Promising"]

[Text] Rubber is a tropical industrial crop with high economic value which provides important raw materials for the industrial sectors and to serve life.

Since the nation was completely unified our state has paid adequate attention to the rubber sector and set up the Rubber General Department to provide specialized management for the state. Furthermore, it has also paid attention to investing capital and technical facilities in that leading sector. The Rubber General Department has exploited the existing area of the old rubber plantations organized land clearing, planted tens of thousands of new hectares, and planned dozens of new rubber plantations, rubber corporations, and rubber enterprise federations, from the Central Highlands to the provinces of eastern Nam Bo.

In order to develop the strengths of rubber, a crop with regard to which nature has favored the tropical countries, and to overcome the serious shortages of capital, equipment, and materials to expand the rubber sector, while also further strengthening all-round economic and scientific-technical cooperation with the CEMA bloc, we proposed that there be cooperation in the sphere of rubber with the fraternal socialist nations, and the other countries responded.

Based on the objective demands of the rubber sector itself, in a spirit of mutually beneficial cooperation, on 10 July 1978 our government and the government of the Soviet Union signed the first agreement on rubber cooperation. In accordance with that agreement, the Soviet Union provided us an interest-free loan of 45 million rubles, and provided equipment, vehicles, materials, and consumer goods to directly serve the clearing of 700,000 hectares and the planting of 50,000 hectares during the 1978-1980 period, while also maintaining those rubber plots during the first 5 years after they were planted. That agreement was urgently carried out by both sides. Within only a short period of time after the signing of commercial contracts between the TECHNOIMPORT general corporation (Vietnam) and the export-import unions of the Soviet Union, the Soviet Union promptly sent us hundreds of thousands of tons of equipment and materials to enable the Phu Rieng, Dau Tieng, Binh Long,

and Dong Phu rubber corporations in Song Be to complete their land-clearing programs and plant the areas stipulated by the agreement. In order to continue to carry out cooperative program, on 4 September 1985 we and the Soviet Union signed a second agreement, which called for a four-fold increase in the capital provided by the first agreement. The rubber area would more than double.

A second nation with ties to us with regard to cooperation in rubber is Bulgaria. In order to carry out that cooperation, between 1982 and 1984 Vietnam and Bulgaria signed three agreements. Those agreements stipulated that Bulgaria would lend us sufficient funds to enable the Phuoc Hoa Rubber Corporation in Phuoc Hoa (Song Be) to clear wasteland and plant rubber trees. both nations created conditions to carry out the tasks for which they were responsible.

In order to build on the initial results between ourselves, the Soviet Union, and Bulgaria, we have also expanded cooperation in producing and processing rubber with Poland, manifested by the agreement in 1986, and in the same year we also signed cooperative agreements with the German Democratic Republic and with Czechoslovakia.

Those agreements also included provisions for loans and for providing such essential items as equipment, machinery, materials, and consumer goods to directly meet the requirements of land-clearing and production, and to serve the lives of the workers in order to achieve expanded production. After a period of from 7 to 10 years, corresponding to the growth period of rubber trees between planting and the time when they begin to produce latex, we will repay those countries with semifinished rubber products during the periods specified by the agreements that have been signed.

TECHNOIMPORT is a general corporation which specializes in dealing in complete sets of equipment. During the past decade it has been assigned responsibility for imports called for by those cooperative programs, nearly all of which are miscellaneous, single items which are very complicated with regard to specifications, type, and quality, and it has had to do business with hundreds of unions and export-import general corporations of the cooperating countries. In carrying out that work, the general corporation has encountered considerable difficulties. However, in actuality, by making great efforts the general corporation is fulfilling the responsibilities assigned it, and is contributing, along with the rubber General Department, to fulfill commitments.

5616

CSO: 4209/250

NGHE TINH ENDEAVORS TO OVERCOME ECONOMIC-SOCIAL PROBLEMS

Hanoi NGOAI THUONG in Vietnamese 20 Dec 86 pp 3, 7

[Excerpts from speech by Nguyen Ky Cam, a delegate of the Nghe Tinh party organization: "Nghe Tinh Will Overcome Difficulties, Bring About a New Transformation in the Economic-Social Situation in Future Years"]

[Text] Applying the correct viewpoints that were set forth by the Fifth Party Congress, since 1981 our province has made progress in reorganizing its economic structure. First of all, it reorganized agricultural production. It has set the task of resolving the grain problem along the lines of comprehensively developing agriculture, gradually entering into specialized cultivation and intensive cultivation according to areas, tying in agricultural production with the production of consumer goods, and promoting exports. That organization of that relatively correct economic structure, along with the implementation of the product contracting mechanism and the application of the accomplishments of the biological revolution in agriculture, the positive and practical development of water conservancy, and increasing the amounts of fertilizer and insecticides for crops, have enabled agricultural production to undergo notable transformations. A province with a large population, including more than 1 million people who are not engaged in agricultural production, and which in the past had a serious grain shortage, within the past few years Nghe Tinh has become essentially self-sufficient in grain within the province, and there has been relatively rapid development in a number of areas specializing in growing industrial crops to provide raw materials for the processing industry and goods for export. Animal husbandry has developed more rapidly than in the past and progress has been made in catching maritime products. During the past 5 years industrial, small industry, and handicraft production has increased by an average of 10.7 percent a year.

Those initial results have had a positive effect in furthering the development of production. In general, the lives of the people in the province have gradually become more stable and in some areas, and with regard to some aspects, have improved.

After progress was made in reorganizing the economic structure and appropriately applying some of the specific economic policies promulgated by

the party and state, the production situation underwent a transformation, but in general the province's economy is still at a low level.

On the basis of that actual situation and the initial experience that has been gained, we completely approve the three norm programs presented in the Central Committee's Political Report to the Party Congress.

The recent 12th congress of our party organization also severely criticized the deficiency of the continued slow development of small industry, handicrafts, and industries producing consumer goods and the agricultural, forestry, and maritime products processing industry. The volume and value of export goods are still low and do not yet correspond to the labor and natural resources potential. The yields of the various kinds of crops are still low, and agricultural production, especially grain production, is still unstable. During years in which natural disasters and insects and diseases cause serious damage there are still serious grain shortages. That situation is due to the fact that we have not yet resolutely reorganized production and capital construction, and have not yet set aside sufficient materials and capital for the key programs and for the production bases, which has resulted in low economic effectiveness. We have not yet truly taken the initiative and been dynamic incorrectly utilizing the management mechanism and the appropriate economic policies in order to fully bring into play the economic unit's right of autonomy in production and commerce and a spirit of enthusiasm toward production labor on the part of everyone, in order to continually strengthen the production forces, accompanied by the consolidation and strengthening of socialist production relations and the good use and development of the potential of the other economic components, for the common benefit of socialism. There is still tardiness in quickly introducing scientific-technical advances into production and commerce. Another very important factor is that under certain specific historical conditions our material-technical bases are still too weak and deficient, so many more years of positive efforts by the localities and investment by the central echelon will be required to overcome that problem.

The 12th congress of our party organization set forth a number of policies and methods to effectively overcome those weaknesses and inefficiencies in order to advance the production of grain, food products, consumer goods, and export goods at a more rapid rate during the next 5 years.

On this occasion, our delegation would like to recommend that the state and the central echelons provide more positive assistance for the provinces of the former Zone 4 in order to accelerate the process of economic development in the area, to enable Zone 4, including Nghe Tinh, to make increasingly greater contributions to the nation's common development:

First, the Political Report of the Party Central Committee was very correct in dealing with the development of the strengths of the midlands and mountain regions. The potential of those areas is still, in general, very great. In Nghe Tinh there are many economic installations which are managed by the central sectors but the material bases of which are still very poor. If attention is paid to investment in infrastructure development and to in-depth

investment, it will be possible to create plentiful and stable sources of agricultural and forestry products. At present, the central-echelon organs are still heavily oriented toward guiding exploitation and have not yet paid adequate attention to in-depth investment, which causes economic effectiveness to be low, the economic cycle of short-term industrial crops to be shortened, and the forests to become rapidly depleted. In the economic alliances among the state, collective, and family sectors, the central-level state installations do not yet play the leading role, so it is necessary to approve a policy of alliances with those economic components to create an increasingly larger volume of commodity products to supply to the factories that have been built, such as the Nghia Dan fruit factory, the Anh Son black tea factory, etc., and to create many export agricultural, forestry, and mineral products with high economic value.

The vast midlands and mountainous areas of Nghe Tinh also play very important economic and national defense roles. For our part, we will make all-out efforts to invest in the production installations, but we recommend that the central echelon invest in building a number of important roads, water conservancy projects, installations to process agricultural and forestry products, etc., in order to do economic work, and strengthen national defense potential. Those projects will also have great assistance with regard to the settlement of nearly 300,000 ethnic minority people, only then can we stop the serious deterioration of the ecological environment which is taking place at present; and only then can be capable of enriching our forests.

We recommend that the central echelon increase the amount of electricity supplied to Nghe Tinh (at present, its per capita electricity consumption is about 10 kWh, so difficulties are encountered in both industry and agriculture).

We recommend that the central echelon invest in completing the Cua Lo port in order to quickly develop its effect not only with regard to Nghe Tinh but also a very large area, both in the short range and the long range.

Second, we recommend that the central echelon pay adequate attention to correctly resolving the relationship between the rights and obligations of the localities. The localities must fulfill their obligations toward the central echelon so that it can meet the needs of the nation as a whole and fully keep its international commitments. But at the same time the central echelon must have a rational price policy so that when delivering products to the central echelon they will not suffer losses, as they do now, but earn a profit to achieve expanded reproduction. It must have an insurance policy for areas specializing in growing agricultural products for export, so that when there are serious natural disasters or when international market prices undergo changes, production can be maintained. There must be rewards and punishments for localities which do a good job or do not do a good job. The recent situation of the localities having to use foreign exchange to buy fertilizer, goods and grain to exchange with the peasants for agricultural products to deliver to the central echelon, but the localities not receiving corresponding quantities of materials, which adversely affects the process of expanded reproduction. The localities not only have not accumulated capital but are suffering increasingly larger budget deficits.

Third, with regard to the management and distribution of materials, especially strategic materials, we recommend that each type should be managed and distributed by only one organ according to plan. It is necessary to eliminate the unnecessary intermediate organs and the circuitous flow of materials, which increases circulation expenses, causes additional negativism, and results in low economic effectiveness. In many cases cadres and party members have become corrupted because they have taken advantage of price disparities. It is regrettable that that matter has been criticized many times, and there has even been Party Central Committee and government resolutions, but it has not yet been corrected.

Our delegation believes that under the light of the resolution of the party congress, Nghe Tinh, and the entire nation, will overcome difficulties, bring about a new economic-social transformation in future years, and understand and fully apply the correct viewpoints set forth by the congress.

With a spirit of renovating its thought, especially its economic thought, Nghe Tinh is determined to strive to transform the economic situation, which is still heavily oriented toward self-sufficiency, make notable progress in developing commodity production, and create the new socialist man on the homeland of the Nghe Tinh Soviet and the homeland of our beloved Uncle Ho, to be worthy of the desires of the people and comrades of the entire nation.

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ORE EXPORT TRADE REQUIRES GOVERNMENT ASSISTANCE

Hanoi TAP CHI HOAT DONG KHOA HOC in Vietnamese Dec 86 pp 35-38

[Article by Tran Ngoc Chuc: "Ore Exports"; edited by Nguyen Duc Tri]

[Text] Seeking every method to swiftly increase the quantity and quality of ore products for export in order to acquire additional foreign exchange for imports is an urgent requirement of our country's economy.

From the special characteristics of our export ore products in the world and customer requirements, the problem of investment in many aspects for exploitation technology, and business selection and organization are causing the ore sector to study various solutions.

I. The Ore Export Situation

1. World Ore Product Consumption Requirements

When speaking of an industry, one immediately thinks of its raw materials as ore products or of an ore origin. When an industry has developed to the expert and highly professionalized level, ore raw materials are increasingly used at a greater and more varied degree. Especially concerning those countries with a developed industry, besides great requirements in quantity, constant concern is given to economic effectiveness in the use of ore raw materials, especially when it regards those that are imported.

Each type of ore has many different uses and depending on the use function of each industrial sector, different quality specifications are demanded. For example, chromite used for metallurgy requires 46 percent Cr_2O_3 and up, 40 percent and up when used for the chemical enterprise, and 36 to 40 percent when used for the heat-resistance material industry. The lower the percentage of other elements such as F_2O_3 , SiO_2 , CaO , etc. the better and therefore, the price on the world market varies depending upon the quality of each type of ore and the effect of other factors.

The general tendency of world industrialists when importing a certain type of ore is to require a large and stable volume over a long period of time with ensured and even delivery each year precisely on schedule as stipulated in the signed contract. This requirement is a basis for producers to ensure a stable plan and a relatively suitable period in which they cannot renew the technical investment for using replacement raw materials or similar types of raw materials of unfamiliar use.

Regarding quality, importers all demand that ore content be of a high percentage or at least meet the standards that they use in their industrial sector. Achievement of this requirement is favorable to the production of diversified products in accordance with different use objectives in the industrial sectors. On the other hand, producers are not required to invest funds in refining the raw materials before they are placed in production and simultaneously, unnecessary expenses for the transportation of wastes after raw material refining are reduced.

Packaging is a factor in the commercial value structure of a commodity and concerning the product of industrial sectors, besides the unceasing improvement of merchandise quality, there is also unceasing elevation of packaging quality to ensure commodity protection during the transportation process and also attention toward improving esthetic value and customer appeal. This is a factor that increases product costs. Ore products are completely the reverse however in that importers give little concern to packaging except for that which is suitable for the transportation of each type of ore and convenient for offloading. Especially, there are various types of ore that importers request not be packaged but delivered as bulk goods which simultaneously reduces commodity prices, is suitable for their modern offloading equipment and reduces expenses in the superfluous handling and packaging of goods such as chromite, salt, etc.

World consumers are usually concerned about the commodity transportation step and constantly seek the nearest raw material markets to achieve lower freight and transportation charges to assist in reducing production costs and creating competitive conditions for their products on the world market.

Above are a number of characteristics of a basic commercial nature regarding ore products that every consumer in the world gives concern because they have a direct influence on the import prices of this raw material.

In an era of increasingly developing science and technology, ore raw materials are increasingly used in a broader and more varied manner, human life requirements have become increasingly higher, and although other replacement sources of raw materials have been found, ore products are still in great demand on the world market at the present time. Even in those countries with rich resources, these raw materials are still imported in large amounts.

2. Vietnamese Ore on the World Market

Looking back at the period more than 30 years ago after peace was restored, the country was still at war, natural disasters continued to occur and the world market was unsettled and unstable. However, under the leadership of the party to "not cease expanding economy with foreign nations," our ore products have steadily increased in the quantity and scope of products such as: coal, tin, chromite, apatite and superphosphate, (produced from apatite); new goods exported during the past few years such as: barite, stone of various kinds, mica, talc and salt; goods exported in a test form such as: pyrophillite, ilmenite and kaolin and under a sample form such as: rare earth elements, feldspar, sodium silicofluorite, selenium and graphite; with continued research in the introduction of other goods such as diatomite, barium sulphate, nickel slag, samote

ore, white sand, etc. These are goods presently required on the world market in fairly large quantities.

Briefly, throughout the past, test export products in quantities of a few tons to those reaching a few million tons have returned to the state a no small amount of foreign exchange, satisfying an important part of the task to build and develop the economy.

3. Characteristics of Vietnamese Ore

As presented above, Vietnamese ore is making an increasingly broader appearance on the world market under many forms but can generally be divided into two categories:

--Those refined through industrial processing such as tin, cement, barite, etc.

--Those that pass through a step of selection from raw ore such as chromite, mica, limenite, kaolin, etc.

Types that have been refined through an industrial process are superior, have ensured stability and quality, and are able to answer the requirements of foreign customers.

Those types of mineral products selected from raw ore are generally of lower quality than world market requirements, are usually placed in the ranks of average content compared with other types of ore in the world and their quality is usually unstable.

The reason quality is low is that, besides their inherent factors, the content of our ores is poor and because our mining and selection methods are manual and dispersed, and there is no capability for totally eliminating or reducing the percentage of impurities in accordance with customer requirements. Consequently, export prices are at the average level on the international market.

For example, our chromite ore is a product exported for many years, some years reaching more than 30,000 tons, but because the iron content (Fe_2O_3 27 percent) is too high, the Cr/Fe ratio is 2.2/1 which is similar to the ore of South Africa. Meanwhile, this ratio in the ores of a number of other countries is India with 3.64/1, Rhodesia with 3.70/1, Turkey with 3 to 3.24/1, and the Soviet Union with 3.1/1 and some attaining 3.4/1. Therefore, the more we reduce the Fe elements during the selection process, the higher the quality of our ore and thus the higher level the export price will be. It is clear that when Co Dinh chromite is produced and selected by manual methods, the Fe_2O_3 content rises to 28 percent, creating a difficult situation for consumption on the world market. Conversely, selection by mechanical methods results in an Fe_2O_3 content of only 25 percent.

A characteristic of no less importance is that the volume of our export goods is still too low in comparison with consumer requirements and has not yet answered their requirements for bulk goods delivery, thus failing to attract many foreign customers.

For example: Sweden fervently wishes to establish trade relations with us for large quantities of chromite, hundreds of thousands of tons with bulk delivery, and Japan has similar requirements but because we are unable to answer them, there is temporarily still no development.

The characteristics above show that in order to promote the export of our mineral products, attention must be given first of all to raising ore quality, at a minimum to meet customer requirements, while simultaneously investing in technology and concentrating production to create sources of goods in large volume as well as investing in the transportation, warehouse and port steps and improving the goods delivery formula in the most suitable manner, therefore certainly gaining the esteem and attention of foreign customers.

II. Requirements of the Ore Selection Sector

The requirements of the world in mineral ore goods and the characteristics of Vietnamese ore products in the international market pose the following considerations for those engaged in export work:

--It is necessary first of all to unceasingly raise the quality of export ore products. Due to the characteristic of sectors and local areas directly participating in the production of export goods, the majority of the exploitation and selection process is accomplished by manual and dispersed methods in pursuit of local raw material sources (except for a number of centrally produced goods such as tin, chromite, apatite, etc.), and ore quality is usually low and unstable. On the other hand, although test production or sample introduction is good, the quality declines when large-scale production begins. Therefore, it is suggested that the ore selection sector give concern to research in the selection step in order to raise quality and ensure consumer requirements. Not only will we promote exports but will also be able to sell at a higher price. Specifically, it is necessary to completely eliminate the impurities and reduce the percentage of weak factors depending on the requirements of each type of ore (iron content) and the price of ore will steadily rise.

--It is necessary to invest in technology and equipment in the exploitation and selection work.

Actual practice has shown that manual exploitation and selection methods as at the present time result in not only low and unstable quality but also represent raw material waste because the maximum level of ore still mixed with the tailings is not fully collected. On the other hand, investment in technology and equipment is necessary in exploitation before a goods source of high volume can be created, a requirement of constant customer concern.

--While investment capital is still scarce, material and fuel supply is insufficient and the living standards of the production workers have not yet been improved, management agencies and their capable assistants with a determination to help the enterprises must give concern to resolving difficulties and obstacles in accordance with enterprise requirements.

For example: the design capacity of our chromite ore production is presently more than 10,000 tons annually but simply because of no electric power for

production, during some months is only 200 tons. Meanwhile, the production facility constantly suggests that management and foreign trade agencies coordinate reports to upper echelons but resolution is slow and a status of electric power supply priority has still not been introduced to stabilize production.

When promoting the production of a high-volume product, concern must be given to investment in domestic transportation means, in the construction of special use storage facilities and ports, and in improving the cargo handling step consistent with the requirements of world consumers.

Of extreme importance is the need to fully achieve articles stipulated in the contracts made with foreign countries in order to ensure prestige, to create good feelings and to maintain long-term stable market relations to avoid the competition of other exporters. This not only demands that the producer constantly seek methods of improving quality, increasing productivity and lowering costs but also demands that related sectors give extreme concern to uniform solution of the problems presented above.

From the introduction of goods samples to export organization (including also test exports to penetrate the market), it is also necessary to concentrate on one link and to assign implementation to one organization trusted by foreign customers. This avoids a situation in which customers take advantage of competitive factors with prices favorable to them, and at the same time assists them in immediately defining the supplier in order to implement trade deals. The ore selection and other sectors must, based on the nature of the various ore types above, follow the required price for test export sales, and introduce samples for foreign trade to export (clearly stating the referenced price, production capabilities, reserves, etc.).

The mineral resources of our country are extremely rich, some mineral products have been traditional export goods for many years, and some goods have gradually penetrated the world market. Under conditions in which the mining industry is not yet developed and investment capital is still limited, we suggest that the state as well as responsible agencies study priority investment in mineral products of high volume in order to create a stable source for answering the quantity and long-term supply capability requirements of the world market. In regards to other mineral products, in conjunction with expanded exports, it is also necessary to calculate if it is economically effective to stimulate production for export promotion by policies satisfactory to the producer, and it is simultaneously necessary to have methods of joint enterprise and economic association between local areas and production facilities in the nation as well as with foreign countries in order to swiftly create a source of goods in large quantity on the market.

On the other hand, under present conditions, local areas must all actively participate in the production of export goods but concentrating on a course of creating many goods from agricultural-forestry-marine product sources because export goods from these sources inherently require little capital investment, local areas can fully utilize every available potential forest, sea and land capability, there is abundant labor, and the time spent results in swift economic returns. While our mineral resources are not scarce, not much is contributed by local areas for export. The reason for this limitation is that to

attain a mineral product, the production step demands investment capital, technical equipment and exploitation means, and calculation of the transportation, storage, etc. steps but local areas lack sufficient capability. Consequently, assistance from the central government is necessary with capital investment while the local area works. At the same time, it is necessary to establish a rational economic policy system to both ensure the interests of the central government and to give economic returns to the local area. Only in this way will the local area be encouraged to actively develop additional exploitation of export mineral products.

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